

Telefónica Deutschland
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Annual Report

Telefónica Deutschland Holding AG
Reporting Year 2025



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The figures in the following have been rounded in accordance with standard commercial accounting principles. Therefore, recalculations may differ slightly from the totals shown in the tables.

Absolute amounts below EUR 500,000 are presented as "0" or "(0)" depending on whether a plus or minus sign appears before it. A nil notification using "-" is indicated for items that do not have a value.

Combined Management Report

for Financial Year 2025

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Telefónica Deutschland Group at a Glance

T 01 – FINANCIAL OVERVIEW

1 January to 31 December

(in EUR million)	2025	2024	% change
Revenues	8,172	8,492	(3.8)
Mobile service revenues	5,483	5,812	(5.7)
Operating income before depreciation and amortisation (EBITDA), adjusted for exceptional effects¹	2,479	2,717	(8.8)
EBITDA margin, adjusted for exceptional effects ¹	30.3%	32.0%	(1.7%-p.)
Operating income before depreciation and amortisation (EBITDA)	2,480	2,719	(8.8)
EBITDA margin	30.3%	32.0%	(1.7%-p.)
CapEx	(964)	(1,141)	(15.5)
CapEx/Sales ratio in %	11.8	13.4	(12.2)
Free cash flow after lease (FCF aL)	380	736	(48.3)
Operating cash flow after lease (OpCF aL)	728	822	(11.5)
Mobile accesses (in thousands)	35,166	44,990	(21.8)
Mobile accesses excluding third-party network operator accesses (in thousands) ²	35,166	34,345	2.4
Third-party network operator accesses held for transition (in thousands) ²	0	10,645	(100.0)
Net additions in mobile prepaid business excl. M2M and excl. third-party network operator accesses (in thousands)	(618)	(641)	3.6
Net additions in mobile postpaid business excl. M2M and excl. third-party network operator accesses (in thousands)	697	824	(15.3)
Total mobile ARPU (in EUR)	11.0	10.5	4.6

As of 31 December

	2025	2024	% change
Net leverage ratio	1.3x	1.2x	7.8
Net financial debt	3,147	3,200	(1.6)

¹ From financial year 2025, only personnel-related restructuring expenses (restructuring income 2025: EUR 1 million; 2024: EUR 1 million) and gains/losses from the sale of assets will be reported and adjusted as exceptional effects. Acquisition-related consultancy costs and non-personnel-related restructuring expenses (restructuring income of EUR 1 million in 2024) will no longer be adjusted.

Exceptional effects in financial year 2025 comprised restructuring income of EUR 1 million (2024: EUR 2 million).

² Following the launch of the fourth German mobile network in December 2023, Telefónica Deutschland Group is committed to taking the principle of competitive independence into account in its external reporting. According to the German Federal Network Agency (BNetzA) regulation, no mobile network operator may simultaneously be a service provider in the network of another mobile network operator, except for a limited period of time. The migration of 1&1 customers was completed by the end of 2025.

Against this backdrop, Telefónica Deutschland Group has differentiated between "mobile accesses excluding third-party network operator accesses" and "third-party network operator accesses held for transition" since the beginning of financial year 2024 in order to present its own operating performance.

Basic Information on the Group

This report combines the Group Management Report of Telefónica Deutschland Group, consisting of Telefónica Deutschland Holding AG (also referred to as Telefónica Deutschland or Company) and its consolidated subsidiaries and joint ventures (together referred to as Telefónica Deutschland Group or the Group) and associated companies, and the Management Report of Telefónica Deutschland Holding AG.

Telefónica Deutschland Holding AG is a stock corporation (AG) under German law with its registered office in Munich, Germany.

Telefónica Deutschland Holding AG is the parent company of Telefónica Deutschland Group. It is included in the Consolidated Financial Statements of the ultimate parent company, Telefónica, S.A., Madrid, Spain (Telefónica, S.A.; its group: Telefónica, S.A. Group). The direct parent companies of Telefónica Deutschland Group are Telefónica Germany Holdings Limited, a wholly owned subsidiary of O2 (Europe) Limited, Slough, United Kingdom (O2 (Europe) Limited), and an indirect subsidiary of Telefónica, S.A., as well as Telefónica Local Services GmbH, Ismaning, Germany, a direct wholly owned subsidiary of Telefónica, S.A.

The financial year is the calendar year (1 January to 31 December).

Business Activity

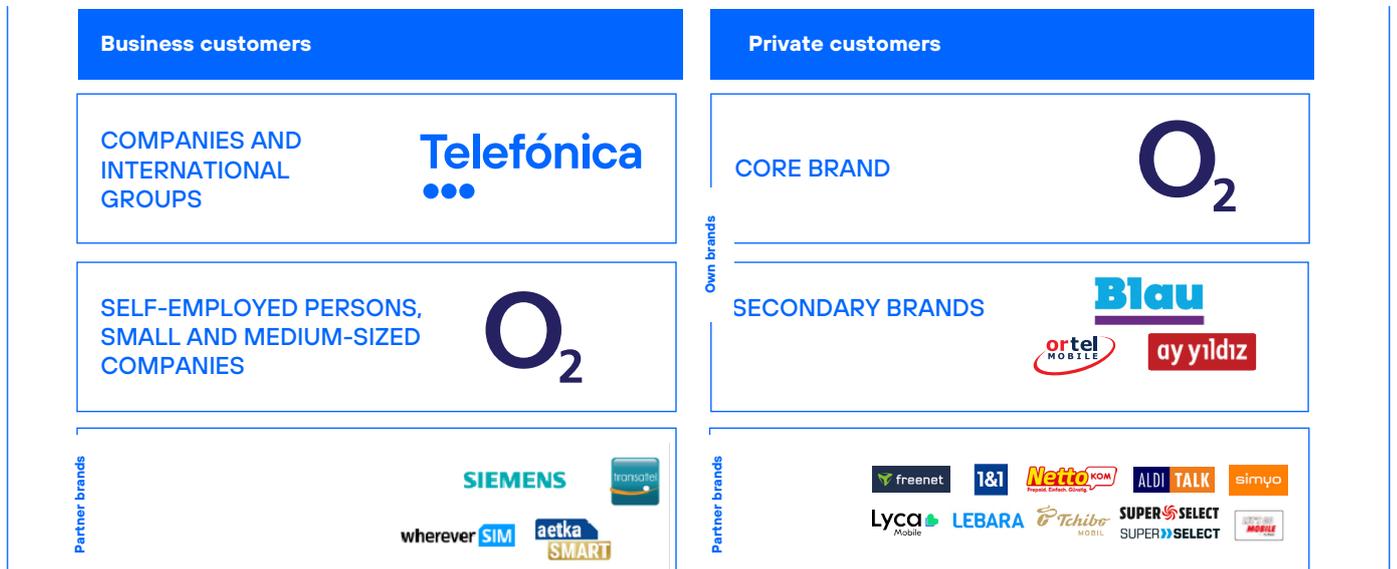
Telefónica Deutschland Group is one of four network operators in Germany. We provide mobile and fixed-network services for private and business customers as well as innovative digital products and services. In addition, our numerous wholesale partners purchase extensive services from us particularly in mobile communications.

Our brands

Our multi-brand strategy is a key success factor in our marketing and sales approach. We offer private and business customers a wide range of high-quality mobile services and fixed-network products with our core brand O₂. We serve large international businesses through products and services under the Telefónica brand.

We rely on complementary sales channels to best meet diverse customer needs. Our sales landscape includes both direct sales channels including our own shops, a countrywide network of independently operated franchise and premium partner shops, online and telesales, as well as indirect sales channels such as partnerships and cooperations with retailers via physical and online channels.

G 01 – OUR BRANDS¹



¹ Example illustrations of the brands of secondary and partner brands. Upon completion of the full customer migration to another network operator at the end of 2025, T&T will no longer be included in the partner brands of Telefónica Deutschland Group.

With our secondary and partner brands and through our wholesale channels, we reach further customer groups, for example ethnic groups in Germany. In addition, by means of joint activities and strategic partnerships, we offer further mobile services brands. These include, for example, Tchibo MOBIL or ALDI TALK, in cooperation with MEDIONmobile. Our multi-brand approach enables us to address the full range of customer needs with tailored product offerings, sales and marketing.

Mobile services

Telefónica Deutschland Group is a leading provider in the German market with 35.2 million accesses excluding third-party network operator accesses as of 31 December 2025. In 2025, at EUR 5,483 million, mobile services were the most important revenue stream for Telefónica Deutschland Group (67.1% of total volume). In this area, we offer mobile voice and data services to private and business customers on a contractual (postpaid) and prepaid basis. In addition, we are increasingly establishing new and innovative business areas in the service application ecosystem, including music, video and gaming apps, financial services, cyber security and cloud products.

The basis for this is our mobile communications network. In 2025 we made great progress in the further expansion and further rollout of our 5G network, which is now available for around 99% of the German population.² This means we have rolled out 5G faster than any previous mobile communications standard and

successfully achieved our goal of almost nationwide population coverage by the end of 2025. O₂ customers have also been able to experience “5G Plus” (i.e. 5G standalone) on the O₂ network since October 2023. With “5G Plus” Telefónica Deutschland Group provides its customers with the possibility to access the most modern mobile communications standard, thus benefitting in latency, speed and sustainability.³

Our network investments are reflected in the latest mobile and 5G network test results by trade magazine connect.⁴ The O₂ network was rated “very good” for the sixth time in a row and took second place for the first time. The network impressed with stable data connections, excellent call quality and improved network coverage with 5G. In the five largest German cities, connect rated the quality of the O₂ network as “outstanding” – the highest rating.

Telefónica Deutschland Group secured nationwide spectrum totalling 90 MHz focusing on the high-performance mobile communications standard 5G in the mobile communications auction in 2019. The auctioned spectrum has a term from 2021 to 2040 and from 2026 to 2040, and includes frequencies that provide both coverage (low frequencies) and capacity (high frequencies). In 2025, the German Federal Network Agency (BNetzA) decided to extend the frequency usage rights in the 800 MHz, 1,800 MHz and 2,600 MHz ranges, which were originally set to expire at the end of 2025, by five years on a transitional basis.⁵

G 02 – FREQUENCY BANDS FOR MOBILE NETWORK OPERATORS IN GERMANY⁶



* Until 2025, additionally 19.2 MHz TDD; as of 1 January 2026: 1&1 Group: 2x10 MHz; Telefónica Deutschland Group: 2x10 MHz; Vodafone: 2x20 MHz; Deutsche Telekom: 2x20 MHz
 ** The German Federal Network Agency has formally allocated the spectrum to the Company in the 2.1 GHz range with one block with effect from 1 January 2021. Telefónica Deutschland Group surrendered 2x10 MHz in the 2.6 GHz band to 1&1 Group for the period from 1 March 2020 to 31 December 2025. This transfer will continue on the basis of the extension decision of the German Federal Network Agency from 24 March 2025 until 31 December 2030. These frequencies are allocated to 1&1 Group in this presentation. Until 31 December 2025, Telefónica Deutschland Group additionally held 1x20 MHz in the 2,600 MHz TDD frequency range.

² Source: Telefónica Deutschland Holding AG: Press release “O₂ Telefónica speeds up network expansion” (18 December 2025). The selected population-based evaluation includes not only the household-based coverage calculation with a fixed location reference as reported to the German Federal Network Agency. It also includes commuter flows within the population, with the result that some of the population are counted both in their residences and in their workplaces (maximum population). In doing this, Telefónica Deutschland Group takes into account that the services are in demand not only at home but also when travelling. This value is the value for the end of 2025, which indicates the availability of mobile telecommunications services outside of buildings (outdoors).
³ Source: Telefónica Deutschland Holding AG: Press release “O₂ Telefónica activates the newest network technologies for the digitalisation of Germany” (2 October 2023)
⁴ Source: connect mobile network and 5G network test, issue 01/2026: Overall rating “very good” (937 points) for O₂; overall, “very good” was awarded twice (937 points in both cases) and “outstanding” was awarded once (975 points).
⁵ Source: German Federal Network Agency: <https://www.bundesnetzagentur.de/DE/Fachthemen/Telekommunikation/Breitband/MobilesBreitband/start.html>
⁶ Source: German Federal Network Agency: <https://www.bundesnetzagentur.de/DE/Fachthemen/Telekommunikation/Frequenzen/OeffentlicheNetze/Mobilfunknetze/mobilfunknetze-node.html>

Fixed business

We offer nationwide fixed-network services to complement our mobile services. Our fixed-network products support customer retention and foster customer loyalty, so we are increasingly focusing on convergent offerings, because we believe that our technology-agnostic approach enables us to meet customer needs. The fixed-network customer base amounted to around 2.4 million at the end of 2025.

In the fixed business, we are focussing on cooperation agreements and thus reaching a large proportion of German households – increasingly also with high-speed internet access. Our strategic partnership with Telekom Deutschland GmbH (“Telekom”) grants us access to future-proof, next-generation high-speed internet. Since November 2022, we have also been marketing fibre-to-the-home (FTTH) lines to our customers in addition to Telekom’s existing VDSL and vectoring wholesale products.⁷ We also benefit from all future improvements made by Telekom in the fixed-network area.

The access agreements with Vodafone Group and Tele Columbus Group also enable us to offer our customers a broader range of fixed-network services throughout Germany. As part of the cooperation with Vodafone, we are able to supply cable households in Germany with fixed-network products, largely with download speeds of up to 1 Gbps.⁸

We also connect more households with advanced FTTH connectivity through a partnership with Unsere Grüne Glasfaser (UGG), which was established in 2020 as an independent wholesale group by Telefónica, S.A. Group/Telefónica Deutschland Group and Allianz Group, with Telefónica Deutschland Group holding a 10% stake. UGG installs fibre-optic connections in previously underserved rural areas.

This is complemented by the coverage O₂ provides through cooperations with regional providers, such as in Hamburg and Schleswig-Holstein with Wilhelm.tel. Via the network operator-independent platform vitroconnect, through which we already had, for example, access to the VDSL network of EWE TEL GmbH in Lower Saxony, since January 2022, we have been able to serve additional households that are connected to the Westenergie Breitband VDSL network in Rhineland-Palatinate, North Rhine-Westphalia and Lower Saxony.⁹

Through our different cooperations, we are able to offer our customers a technology-agnostic solution based on a broadband mix of VDSL, cable, fibre and FMS (Fixed Mobile Substitution) marketed via the O₂ HomeSpot. Together with our fixed network tariffs, the mobile-based WLAN router constitutes a fully-fledged fixed network replacement solution. In marketing, this approach ensures that our broadband offer is perceived by customers as comprehensive.

Hardware business

We use many channels to distribute a wide variety of mobile devices to our customers. Via our O₂ My Handy programme,

customers have the option to buy any device in O₂’s portfolio immediately or pay it off in flexible monthly instalments, either in combination with or independently of a mobile communications contract. We also supply hardware to our partners and provide support for their sales and marketing activities as needed.

Our most important suppliers for mobile phones are the manufacturers Apple and Samsung. We also cover the demand for more mobile data services from our secondary brand customers with a wide range of smartphones.

Digital services

In order to make our offerings even more attractive for our customers and to increase our revenues outside our core business, we offer a variety of additional products and services. These include, for example, our products and services in connection with the Internet of Things (IoT) as well as our additional digital services such as our own TV product, O₂ TV, based on Telefónica, S.A. Group’s global TV platform, “O₂ Onlineschutz” (O₂ Online Protection), a digital shield that automatically blocks dangerous websites, and O₂ Cloud.

In addition, Telefónica Deutschland Group entered into a cooperation with OpenAI in October 2025, which enables customers to use ChatGPT Plus free of charge for several months.¹⁰

Our market areas

We continue to strengthen the market position of our core brand O₂. We aim to continue gaining customers in the private and business customer segments and increase the sales revenue per customer and per household. Furthermore, we offer our partners access to our infrastructure and to our services.

Private customers

We address the needs of our private customers in the digital world with data-centric mobile and fixed-network contracts. With our core brand, we consistently focus on our “can do” attitude in the mobile communications sector, which is the guiding principle for everything we do. In the fixed network, we market products via a technology mix of DSL, cable, fibre, and 4G or 5G mobile. The O₂ Home offering applies equally to DSL, cable, fibre and FMS, and as such is technology-agnostic. Customers who use more than an O₂ fixed network or a mobile contract at the same time also benefit from monthly service and price advantages.

The Blau brand is our secondary brand defined for price-conscious private customers, clearly differentiated from O₂, offering this customer segment a mobile communications network portfolio reduced to the essentials. We also address ethnic target groups with brands such as AY YILDIZ or Ortel Mobile.

⁷ Source: Telefónica Deutschland Holding AG: Press release “O₂ set to begin marketing fixed-network products to 10 million additional FTTH households” (16 November 2022)

⁸ Source: Telefónica Deutschland Holding AG: Press release “Gigabit speed for over 22 million cable households” (26 April 2022)

⁹ Source: Telefónica Deutschland Holding AG: Press release “O₂ markets fast fixed-network products via the network of Westenergie Breitband” (10 January 2022)

¹⁰ Source: <https://www.telefonica.de/news/press-releases-telefonica-germany/2025/10/access-to-artificial-intelligence-o2-telefonica-makes-chatgpt-plus-available-to-its-customers.html> (1 October 2025)

Partners and wholesale

Our partner business is an important pillar of our multi-brand approach. Together with our partners, we design innovative products and services by building new, integrated business models. This is based on a scalable business model with varying levels of value creation, which we can offer to potential partners in the private and business customer segment. This approach enables us to reach both consumers and business customers through strong brands and strategic cooperations.

Telefónica Deutschland Group and 1&1 Group concluded a National Roaming Agreement (NRA) in May 2021 with a term until mid-2025.¹¹ 1&1 Group has not exercised the extension option for the NRA. Instead, 1&1 Group has concluded another NRA with another network operator, which has been in place since 29 August 2024. Existing 1&1 customers who previously used the O₂ network have gradually been migrated by the end of 2025 in accordance with the specifications of the BNetzA.

In the second quarter of 2024, Telefónica Deutschland Group expanded its long-term partnership with the Freenet Group. With the extension, Freenet has access to Telefónica Deutschland Group's high-performance 5G network and sells Telefónica Deutschland Group's mobile communications products to its end customers under various own brands.

We also have a partnership with Lycatel Germany GmbH. Since September 2024 the company, an international virtual mobile network operator (MVNO), has been providing its customers in Germany with mobile services under the Lyca Mobile brand via the high-performance network infrastructure of Telefónica Deutschland Group. This has further solidified our positioning as one of the leading network operators and wholesale providers in the German market.¹² We also work with other partners in different business models.

We are also tapping into new potential in the business customer environment through indirect business models: Partners such as Transatel and whereverSIM rely on our network infrastructure to offer their own digital solutions and IoT-based services. In 2025, we entered into a nationwide cooperation with Siemens: We are working together to develop solutions based on 5G network slicing, which will then be marketed by Siemens in the future. This includes the new "5G Slice for the Water Industry" connectivity solution, which for the first time enables water utilities to monitor and control their entire system of automation technology via a virtual 5G network based on 5G network slicing technology.¹³

Our comprehensive multi-brand approach enables us to cover the entire customer spectrum, from price-conscious consumers and specialised target groups to industrial business applications. Through tailor-made products, flexible marketing concepts and strong partnerships, we create access to new growth areas while increasing the reach of our network services.

Business customers

Telefónica Deutschland Group also offers products and services to business customers. Our focus is on addressing small and medium-sized enterprises (SME) as well as large national and international companies via our brand O₂ Business with a product portfolio that is tailored towards customer needs. We focus on innovative connectivity solutions and selected digital products and services.

This also includes services in the field of the cloud, cyber security, site networking, the Internet of Things (IoT) and 5G campus networks. We are thus tapping into new business areas that are close to our core business. With IoT Connect, for example, we support business customers in the smart networking of their digital applications and, in addition to the appropriate connectivity, we also supply additional, value-adding applications.

Management System

The Management Board manages the operations of Telefónica Deutschland Group and reports to the Supervisory Board. The Supervisory Board monitors and advises the Management Board, including within the scope of the transactions requiring consent (e.g. for the adoption of the annual budget, for changes to the corporate structure or the principles of the corporate strategy). Together with the Supervisory Board, the Management Board issues the invitation to the Annual General Meeting.

The Management Board makes operational and strategic decisions for the successful management of the Company during regular meetings. This includes, for example, the specification and adoption of the strategy across all operational divisions, the consistent and uniform operationalisation of the strategy, the management of operational performance, the assurance of cross-functional coordination and cooperation, assurance that budget targets are achieved, the definition and implementation of measures for performance improvement and the functional risk management for the respective area of responsibility.

Our aim is to increase the value of our Company for the benefit of our shareholders. We are also firmly convinced that the satisfaction of customers and employees makes a major contribution to achieving this value growth.

The management of Telefónica Deutschland Group has introduced a comprehensive internal management system for the control of the Group, which primarily comprises the following components:

- Process for strategic goal setting
- Integrated budgeting and planning system

¹¹ Sources: Telefónica Deutschland Holding AG: Press release "Telefónica Deutschland establishes long-term partnership with 1&1 Drillisch" (15 February 2021); Telefónica Deutschland Holding AG: Press release "Telefónica Deutschland confirms outlook for financial year 2023 and dividend commitment" (2 August 2023)

¹² Source: Telefónica Deutschland Holding AG: Press release "O₂ Telefónica expands partner business in Germany with Lyca Mobile" (25 September 2024)

¹³ Source: Telefónica Deutschland Holding AG: <https://www.telefonica.de/news/press-releases-telefonica-germany/2025/04/nationwide-partnership-siemens-and-o2-telefonica-partner-to-develop-solutions-based-on-5g-network-slicing.html> (7 April 2025)

- Financial and non-financial performance indicators
- Monthly reporting to the Management Board and Supervisory Board
- Ongoing opportunity and risk management
- Target-oriented leadership at all levels of the organisation
- Compliance with legal and regulatory requirements.

Strategic objectives are reviewed and redefined annually

As part of the annual planning process, the Management Board of Telefónica Deutschland Group reviews the corporate strategy with the support of the Strategy department and agrees it with the Supervisory Board. We develop long-term strategic goals for the positioning of the Company on the German market as well as a strategy plan, including in-depth financial planning for the next five years as part of this process. Detailed budget planning for the next financial year is then prepared on the basis of the agreed multi-annual goals. The short-term priorities are defined at the same time. Decisions are based on current

market and competitor analyses as well as market forecasts, which are compared with the long-term strategic goals.

This systematic approach serves as the basis for identifying both growth opportunities and risks and as the source of our corporate strategy and investment decisions. The corporate strategy is then translated into concrete strategies for the different organisational units. At this level, the opportunities relevant to the respective organisational unit are prioritised in the operational implementation of the strategy.

Management system of Telefónica Deutschland Group

We have established key performance indicators (KPIs) for the management of our strategic and operating goals. Financial performance indicators are a component of the management system of Telefónica Deutschland Group and reflect the interests of our various stakeholders.

The following monitoring parameters were of particular significance for our Company’s value-oriented management and evaluation in the financial year.

G 03 – PERFORMANCE INDICATORS

Most important and control-relevant key performance indicators	Revenues	EBITDA adjusted for exceptional effects	Investment ratio (CapEx/Sales ratio)
Other important performance indicators	Free cash flow after lease	Operating cash flow after lease	Net leverage ratio

Revenues

The development of revenues is a key indicator of the success of our Company. Revenues depict the total value of our operational activity and are therefore a key indicator of the success of our products’ and services’ sales on the market. The performance indicator may be adjusted for regulatory effects for better comparability with the previous year if these have a material influence on the development of the performance indicator in the reporting year.

EBITDA adjusted for exceptional effects

EBITDA is the operational key figure that describes the profitability of our operating activities and thus represents one of our most important and control-relevant performance indicators. By definition this is the operating income minus depreciation and amortisation. As exceptional effects make comparability with previous years difficult, we use the EBITDA adjusted for exceptional effects for a transparent presentation. These exceptional effects have a direct impact on the result of operations and follow from a changed composition of the Group, from sales of businesses, personnel-related restructuring expenses or other non-operational transactions. Prior to financial year 2025, exceptional effects also included acquisition-related consultancy costs and non-personnel-related restructuring expenses. The performance indicator

may be adjusted for the regulatory effects of the reporting year, insofar as these have a material influence on the development of the performance indicator. The effects on earnings are adjusted if the comparability of the performance indicator with prior-year periods is not appropriate due to a transaction carried out during the year.

However, as other companies may use a different basis of calculation for EBITDA, it is possible that our representation is not comparable with other companies.

Investment ratio (CapEx/Sales ratio)

For Telefónica Deutschland Group, the investment ratio (CapEx/Sales ratio) essentially serves to secure the future business activities and reflects the percentage share of investments in revenue. Capital expenditure (CapEx) consists of the additions to property, plant and equipment and other intangible assets. The investments in property, plant and equipment are primarily carried out to expand the coverage and capacity of our network as well as for product development. Investments in other intangible assets mainly include software investments in CRM and billing systems as well as portal systems that ensure the functionality of various processes in the Company. Investments in mobile frequency licences and mergers are not included in CapEx.

Free cash flow after lease (FCF aL)

The free cash flow after lease (FCF aL) performance indicator is defined as the sum of the cash flows from operating activities and investing activities, minus the lease payments. The change in working capital and the lease payments affect the FCF aL in the respective reporting period. Working capital management thus contributes to FCF management in the relevant reporting period.

As a performance indicator, FCF aL describes the change in financial liquidity from operational inflows and outflows of funds as well as all investment-related inflows and outflows that were made for the maintenance or expansion of the business, minus the lease payments. The figure provides information about the change in the Company's available financial funds, which enable us to make investments in growth or to pay dividends or service debt, for example.

Operating cash flow after lease (OpCF aL)

Operating cash flow after lease (OpCF aL) provides information about earnings generated from the operating activities taking into account the effect on earnings of the leases and the capital expenditures made. Thus it allows for conclusions about the profitability and stability of our core business, our ability to make investments and our ability to repay debt. The OpCF aL is defined as EBITDA adjusted for exceptional effects after lease less CapEx.

Net leverage ratio

The net leverage ratio is defined as the quotient of the net financial debt and the EBITDA adjusted for exceptional effects for the last twelve months. Net financial debt includes short and long-term interest-bearing assets and interest-bearing financial liabilities and cash and cash equivalents. Liabilities from the acquisition of mobile communications frequencies are not included in net financial debt.

The net leverage ratio compares the net financial debt level with an operational success parameter (EBITDA adjusted for exceptional effects) and provides management with information about the Company's debt reduction ability. The maximum leverage ratio defined within the framework of our financing policy and applicable since 1 January 2019 is 2.5x.

Budgeting and planning system defines specific targets

The integrated planning system is based on strategic and operating goals. With respect to the most important and control-relevant key performance indicators, the Management Board of Telefónica Deutschland Group sets internal objectives for the Group. To define a detailed plan for the next five years, the anticipated market development as well as internal expectations with regard to progress in the areas of growth and efficiency evolution are discussed once a year. The first year of planning is depicted on a monthly basis in order to make a detailed budget possible. For controlling reasons, the budget is updated at least twice a year by a forecast. Alongside the results that have already been achieved and which are analysed as part of monthly reporting, current market developments and the additional opportunities or risks that are known at the relevant point in time are taken into account in the update. This forecast is then used to introduce operational improvements and take advantage of new opportunities presenting themselves to the Group.

Economic Report of the Group

Overall Economic and Industry Conditions

The German economy recovers slightly¹⁴

After two years of recession, the German economy has grown again slightly. According to initial calculations by the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) in 2025 was 0.2% higher than in the previous year. This growth is mainly due to the increase in consumer spending by households and the government. Despite this slight recovery, overall economic development remained subdued. According to the ifo Institute, the weak momentum is largely due to sustained weakness in industry, only moderate export development and cautious investment activity. In addition, global uncertainties, including geopolitical tensions, protectionist tendencies and an overall weak global economy further weighed on both world trade and investment activity. Moreover, high energy and location costs as well as structural challenges further restricted the competitiveness and adaptability of the German economy. Overall, the economic environment remained challenging in 2025, despite the slight growth momentum.

The continued economic weakness in 2025 also had an impact on the German labour market. According to the Federal Employment Agency, the unemployment rate rose from 6.0% in 2024 to 6.3% in 2025. On average, this means that around 161,000 more people were unemployed than in the previous year. At the same time, overall employment figures remained high. According to Destatis, on average there were around 46.0 million people in employment in Germany in 2025. This means that employment fell only slightly by 5,000 people after the employment peak in 2024. Employment growth was mainly recorded in the services sector in 2025, while employment levels in the manufacturing and construction sectors declined.

Inflation, as measured by the national consumer price index (CPI), weakened further by the end of 2025. According to Destatis, it stood at 1.8% in December compared with the previous year. Price trends were driven mainly by rising service prices, which in December rose by 3.5% compared to the previous year. By contrast, energy prices continued to fall during 2025. Destatis recorded a decline of 1.3% in December. Food prices rose moderately and in December were 0.8% higher than in the previous year. Core inflation, i.e. the rate of inflation excluding energy and food, fell by 0.3% to 2.4% in December. Destatis assumes an average overall inflation rate of 2.2% for 2025.

The positive sentiment among companies in Germany during the year deteriorated again at the end of 2025. At the beginning of 2025, the ifo Business Climate Index stood at 85.3 and improved over the course of the year. In December 2025, however, it fell to 87.6 points, down from 88.0 points in November 2025. This decline is mainly due to companies' pessimistic expectations for the first half of 2026. Consumer sentiment as measured by the GfK consumer climate index also deteriorated at the end of the year. The consumer climate index fell by 3.5 points to -26.9 points in December. This sharp decline was mainly due to a fall in income expectations and an increase in the propensity to save.

Technology trends bring growth potential for the telecommunications market¹⁵

In 2025, the telecommunications industry remains a key driver of digital transformation. With the continuing expansion of fibre-optic and 5G networks, it is creating the infrastructural conditions for data-intensive applications in business and society. In the mobile sector, 5G coverage is almost nationwide. The Association of Providers in the Digital and Telecommunications Market (Verband der Anbieter im Digital- und Telekommunikationsmarkt – VATM) confirms that

¹⁴ Sources: ifo Institute: Press release "ifo Institute Sees Growth in Germany of 0.8 Percent in 2026" (11 December 2025) and ifo Schnelldienst digital 2025, 6, No. 24: "ifo Economic Forecast Winter 2025: Structural Change has Germany Firmly in its Grip" (11 December 2025) and "ifo Business Climate Falls" (17 December 2025); GfK Consumer Climate (powered by NIM): Press releases "Consumer Climate: Disappointing Outlook for 2026" (19 December 2025); Federal Statistical Office: Press release No. 001 "Employment figures largely unchanged in 2025" (2 January 2026), press release No. 002 "Inflation rate of +1.8% expected in December 2025" (6 January 2026), press release No. 017 "Gross domestic product up 0.2% in 2025" (15 January 2026); Federal Employment Agency: Press release No. 2 "Year in review 2025: Economic weakness has a significant impact on the labor market" (7 January 2026)

¹⁵ Sources: VATM: "26th Telekom Market Study Germany 2025" (29 April 2025); Digital Association Bitkom: Trend study "The Future of Consumer Technology 2025" (2 September 2025), press release "Smartphone use in Germany" (29 August 2025); Statista Research Department: "Number of smartphone users in Germany by 2030" (30 September 2025); German Federal Network Agency: Press release "Federal Network Agency releases new data on fixed and mobile networks" (5 December 2024); Analysys Mason: Data Hub query "Telco Forecasts" (4 November 2025)

around 99% of households and the majority of the federal territory is covered by 5G. The share of 5G standalone, i.e. independent of 4G-operated networks, continues to increase and enables higher data rates and lower latency times. 5G technology offers a wide range of applications for both private and business customers. It is regarded as a key technology for the digitalisation of industry because it promotes efficiency, transparency, automation and flexibility in logistics, according to the Digital Association Bitkom. The growing range of 5G capable smartphones and attractive tariffs is also driving the adoption of the new mobile communications standard. Fibre-optic connections are becoming increasingly important for fixed broadband connections.

Increased data usage, both in mobile and fixed networks, shows that people are increasingly on the move while they are online. According to the market research institute Analysys Mason, the average monthly data consumption per mobile customer increased from 8.7 GB in 2024 to 10.9 GB in 2025. This corresponds to an increase of 25%. The average volume of data per fixed broadband connection per month was 405 GB in 2025, which is an increase of 11% compared to 2024.

The number of smartphone users in Germany continues to grow, reaching over 71 million in 2025, according to Statista. In the 14 to 49-year-old age group, the percentage of smartphone users is now over 95%, with this technology forming an integral part of their lives – especially because smartphones have long been more than just portable phones. According to a survey by Bitkom, smartphones are used for listening to music, as a camera and as a navigation device, as well as for reading messages, streaming videos and surfing the internet. Smartphones have increasingly replaced devices that specialise in these features. The television market in Germany has continued to evolve. The consumption of films, series and video clips via the internet was an integral part of everyday media use in 2025 and also an essential driver of data usage. Although traditional, linear television is still being used, it is becoming less important. According to a trend study by Bitkom, 86% of Germans aged 16 and over watch the current television programmes being broadcast via cable, satellite or aerial at least occasionally. In 2024, this figure was 92%. Streamed services and video content are available to people in Germany via various platforms and portals. In addition to the use of video portals such as YouTube or Vimeo, the time-delayed viewing of feature films, series and programmes via media libraries and video-on-demand portals such as Netflix or Amazon Prime is also widespread. In total, 61% of people use these services. One major change in the German TV market from July 2024 was the abolition of the incidental cost privilege. This previously allowed landlords to pass on cable television fees via service charges. As a result of this change, tenants are now free to choose their TV provider and switch

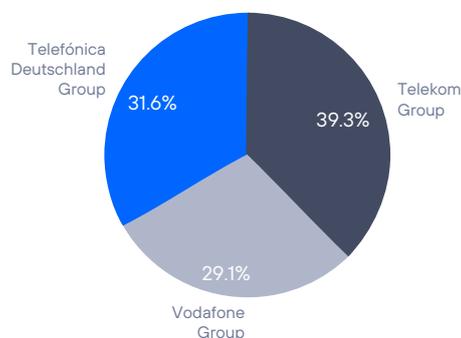
to alternative offerings such as the exclusive use of streaming services or IPTV. According to Bitkom, some of those affected have certainly taken advantage of the opportunity to dispense with the cable connection and the associated costs since then.

Telefónica Deutschland Group is number 2 in terms of mobile service revenues in the German mobile network operator market¹⁶

The German mobile communications market currently consists mainly of four network operators and several service providers and mobile virtual network operators (MVNOs). In December 2023, 1&1 Group became the fourth network operator in the German mobile communications market. Telefónica Deutschland Group and 1&1 Group had a National Roaming Agreement (NRA) with a term until mid-2025. 1&1 Group has not exercised the extension option for the NRA. Instead, 1&1 Group has concluded another NRA with another German network operator, which has been in place since 29 August 2024. Existing 1&1 customers who previously used the O₂ network have gradually been migrated by the end of 2025 in accordance with the specifications of the German Federal Network Agency (BNetzA).

According to Analysys Mason data, the number of SIM cards on the market at the end of 2025, including M2M and IoT cards, was 169.8 million (end of 2024: 163.0 million). The strong SIM card growth is due to M2M and IoT cards: According to Analysys Mason, at the end of 2025, around 51.8 million SIM cards were in use for M2M and IoT applications, compared to 45.5 million at the end of 2024. These M2M and IoT cards now accounted for around 30% of all SIM cards on the market in 2025. Mobile service revenues in the German mobile communications market declined by -0.2% year-on-year in the nine-month period from January to September 2025. With a mobile service revenues market share of 31.6%, Telefónica Deutschland Group is number 2 in the German market.

G 04 – MARKET SHARE IN THE MOBILE COMMUNICATIONS MARKET BASED ON SERVICE REVENUE OF NETWORK OPERATORS (IN %) Q1 TO Q3 2025¹⁷



¹⁶ Sources: Analysys Mason: Data Hub query "Telco Forecasts" (14 November 2025); company data and own calculations: Deutsche Telekom AG Investor Relations: Publication of the Q3 2024 results "Back Up" (14 November 2024) and publication of the Q3 2025 results "Back Up" (13 November 2025); Vodafone Group Investor Relations: July–September 2025/1 HY 25/26 Results "Excel Spreadsheet and Analyst Presentation" (11 November 2025); 1&1 AG: Press release "1&1 AG: 1&1 sets course for nationwide 5G" (2 August 2023), press release "1&1 O-RAN: Launch of mobile services on Europe's most modern 5G network" (8 December 2023) and press release "Vodafone and 1&1 launch national roaming partnership" (23 August 2024); Telefónica Deutschland Holding AG: Press release "National Roaming: Telefónica Deutschland confirms outlook for financial year 2023" (2 August 2023)

¹⁷ In December 2023, 1&1 Group launched its own network, making it the fourth network operator on the market. Due to missing data, 1&1 Group is not included in the following chart.

Growth in German fixed line broadband market continues¹⁸

The number of fixed broadband connections continued to rise in 2025. VATM and Dialog Consult estimate that the number of connections at the end of 2025 increased by around 0.3% year-on-year to approx. 37.5 million. DSL continues to be the dominant technology, with a share of approx. 61% of fixed broadband connections. With 8.4 million active broadband connections at the end of 2025, cable now accounts for a share of around 22% of the total market. "Real" fibre-optic connections (FTTH/FTTB) continue to gain importance: According to VATM and Dialog Consult, they increased by around 17% to 6.1 million in 2025 compared to the previous year and now account for almost 16% of active broadband connections. Telefónica Deutschland Group relies on cooperations in the fixed business and thus reaches a large proportion of German households. Our strategic partnership with Telekom Deutschland GmbH ("Telekom") grants Telefónica Deutschland Group access to future-proof, next-generation high-speed internet. In addition to Telekom's existing VDSL and vectoring wholesale products, the provider also markets fibre-to-the-home (FTTH) lines to its customers. Telefónica Deutschland Group also benefits from all future improvements made by Telekom in the fixed-network area. Through cooperations with Vodafone and Tele Columbus, households are supplied with cable internet. In addition, Telefónica Group reaches households with advanced FTTH connectivity through a partnership with Unsere Grüne Glasfaser (UGG). O₂ also achieves further coverage through regional cooperations, such as with Wilhelm.tel in Hamburg and Schleswig-Holstein. The vitroconnect platform, which has also provided access to the Westenergie Breitband VDSL network since January 2022, enables us to serve households in Rhineland-Palatinate, North Rhine-Westphalia and Lower Saxony.¹⁹ The trend towards higher-speed connections continued in Germany.

Regulatory Influences on Telefónica Deutschland Group

As a provider of telecommunications services and an operator of telecommunications networks, Telefónica Deutschland Group is required to meet certain regulatory requirements. As such, it is subject to supervision by the Bundesnetzagentur (BNetzA – German Federal Network Agency).

The key regulatory events affecting Telefónica Deutschland Group in the reporting year are discussed below.

Frequencies

BNetzA extends the frequency usage rights expiring at the end of 2025 by five years

On 24 March 2025, the Presidential Chamber of the BNetzA made the final decision in the procedure for the provision of frequencies in the 800 MHz, 1,800 MHz and 2,600 MHz ranges. The decision provides, in a first set of actions, for the existing frequency usage rights in the above-mentioned frequency ranges, which expire at the end of 2025, to be extended for a period of five years on a transitional basis upon request. Furthermore, other existing usage rights of Vodafone GmbH in the 1,800 MHz frequency range with a term until the end of 2033 are to be extended by three years upon request. The decision is linked to the resolution, in a second set of actions, to establish a larger procedural framework for utilisation from 2031 onwards, including rights of use and new frequency ranges that expire in 2033 and 2036 or that will become available for mobile communications in the coming years. A decision on this second set of actions is planned for 2028. The BNetzA has outlined some initial key points for the second set of actions, one of which is that the users' perspective should be a decisive factor in mobile coverage. With this in mind, parameters for coverage requirements and their review are to be further developed.

In the first set of actions, the BNetzA provided for the extension of the rights of use with regulations to promote competition. To further promote service competition, every assignment holder is obliged to negotiate with suitable service providers and MVNOs on the shared use of radio capacities. The negotiations should be non-discriminatory and the capacities to be provided should not be limited to certain services, radio technologies or applications. The BNetzA has specified a standard for this in the form of more specific provisions serving as guidelines, which are intended to promote effective negotiations between assignment holders and service providers and MVNOs. In addition, every frequency assignment holder is obliged to negotiate the shared use of existing nationwide networks (national roaming) at the request of 1&1 Group. The negotiations should be fair. As long as an assignment holder grants 1&1 Group national roaming, this obligation is deemed to have been fulfilled. Furthermore, each assignment holder of frequencies in the 800 MHz range is obliged, at the request of 1&1 Group, to negotiate cooperative, joint use of equivalent radio frequencies below 1 GHz corresponding to a scope of at least 2 x 5 MHz (paired) in the expansion areas of 1&1 Group. The negotiations should be fair. If such a cooperation is implemented by one assignment holder, this will be credited to the other assignment holders. Finally, Telefónica Deutschland Group is obliged from 1 January 2026 to continue to provide frequencies in the 2,600 MHz range for use by 1&1 Group in the scope of 2 x 10 MHz (paired) for the term of the extension upon request.

In addition, the extension of usage rights is accompanied by conditions for the further expansion of mobile networks in rural areas and along transport routes and railway lines.

¹⁸ Sources: VATM: "26th Telekom Market Study Germany 2025" (29 April 2025); Telefónica Deutschland Holding AG: Press release "Fibre-to-the-home (FTTH)/fibre optics: O₂ Telefónica and Deutsche Telekom intensify their cooperation on fibre-optic connections" (25 July 2024); Telefónica Deutschland Holding AG: Press release "O₂ set to begin marketing fixed-network products to 10 million additional FTTH households" (16 November 2022); Telefónica Deutschland Holding AG: Press release "O₂ markets fast fixed-network products via the network of Westenergie Breitband" (10 January 2022)

¹⁹ Source: Telefónica Deutschland Holding AG: Press release "O₂ markets fast fixed-network products via the network of Westenergie Breitband" (10 January 2022)

By 1 January 2030 at the latest, each assignment holder must provide at least 99.5% of the area nationwide with a transmission rate of at least 50 Mbps in the downlink. Furthermore, by 1 January 2029 at the latest, each assignment holder must provide at least 99% of households in sparsely populated municipalities in each federal state with a transmission rate of at least 100 Mbps in the downlink. In addition, from 1 January 2029 at the latest, each assignment holder must supply all federal roads with a transmission rate of at least 100 Mbps in downlink mode and all federal state and national roads as well as the inland waterways of the federal core network with a transmission rate of at least 50 Mbps. District roads must be supplied with a transmission rate of at least 50 Mbps in downlink mode from 1 January 2030. Supply by the other assignment holders is not offset. Finally, each assignment holder is obliged to participate in the development of infrastructure for the provision of telecommunications services using very high-capacity wireless networks along rail routes. In addition, the assignment holders are required to enter into negotiations with railway infrastructure companies on the joint use of infrastructure for the provision of telecommunications services using very high-capacity wireless networks along rail routes.

Each assignment holder shall, at the request of other mobile network operators, negotiate cooperations involving the development and joint use of infrastructure and the sharing of radio frequencies, in compliance with telecommunications and antitrust law. The negotiations should be non-discriminatory.

Finally, the BNetzA has imposed reporting obligations on the status of frequency use, on the network construction and expansion and on the expansion plans, as well as on the nature and scope of negotiations on access to wholesale mobile services.

In response to a corresponding request by Telefónica Deutschland Group, the BNetzA extended the frequency usage rights of Telefónica Deutschland Group in the 800 MHz, 1,800 MHz and 2,600 MHz frequency ranges set to expire at the end of 2025 for the period from 1 January 2026 to 31 December 2030 by way of an assignment notice dated 13 June 2025. In a decision dated 25 August 2025, the BNetzA set fees for this extension in a total amount of EUR 207 million. The total amount will be due for payment in five instalments of EUR 41 million each on 1 January of the years 2026, 2027, 2028, 2029 and 2030.

In November 2025, Telefónica Deutschland Group concluded a contract with 1&1 Group for the continued use of frequencies in the 2,600 MHz range (paired) in the scope of 2 x 10 MHz with a term until the end of 2030. 1&1 Group shall bear the frequency extension fees that the BNetzA has set for Telefónica Deutschland Group and are proportionately applicable to the frequencies provided. The BNetzA approved the contract in December 2025.

The National Roaming Agreement already concluded between another network operator and 1&1 Group on 23 August 2024 is credited to Telefónica Deutschland Group and the respective obligation therefore does not have to be implemented by Telefónica Deutschland Group itself.

Telefónica Deutschland Group has brought an action before the Administrative Court of Cologne against the extension decision of the BNetzA of 24 March 2025. The action is not directed against the entire extension decision, but only against the extension of the frequency usage rights of Vodafone Group in the 1,800 MHz band with the current term until 31 December 2033 as well as against the second set of actions of the extension decision. The proceedings are still ongoing.

BNetzA relaunches 5G frequency proceedings on the 2019 spectrum auction

On 26 August 2024, the Administrative Court of Cologne decided in the proceedings concerning the decision of the Presidential Chamber of the BNetzA on 26 November 2018 on the award and auction rules for the auction of frequencies in the 2 GHz and 3.6 GHz ranges that are particularly suitable for 5G mobile communications, which was held in 2019, that the award rules of the Presidential Chamber decision are unlawful due to concerns about the conflict of interest and influence of a federal ministry. The BNetzA was obliged to make a new decision. In January 2025, the BNetzA lodged a non-admission appeal against the ruling. In November 2025, the Federal Administrative Court rejected the non-admission appeal. The ruling of the Administrative Court of Cologne has thus become final. On 1 December 2025, the BNetzA opened proceedings for a new decision and submitted frequency regulation aspects for consultation as part of these proceedings with a deadline of 12 January 2026. The aim of this process is to first determine the current circumstances, because the new decision must take into account the current factual and legal situation. The aspects therefore address a catalogue of questions to interested parties, relating to four areas: frequency allocation, the competitive situation, the frequency usage regulations, including the level of coverage for frequency use, and the design of the procedure. Regarding the question of whether or not a new auction will be held for the allocation of frequencies, the BNetzA is considering making its decision dependent on whether or not the new decision entails significant changes to the frequency usage regulations. Telefónica Deutschland Group participated in the consultation in due time. The BNetzA is expected to then initiate an in-depth consultation on the considerations of specific frequency usage regulations.

Coverage requirements resulting from the 2019 spectrum auction/cooperation

On 6 January 2023, Telefónica Deutschland Group submitted its final report to the BNetzA on the fulfilment of the coverage obligations under the 2019 spectrum auction due on 31 December 2022.

In September 2023, the BNetzA determined that Telefónica Deutschland Group had met the obligation to supply households and 1,000 5G base stations on time. With regard to the locations along the most important transport routes and in white spots that were not fulfilled on time, the BNetzA sent a further consultation letter to Telefónica Deutschland Group on their non-fulfilment and subsequent fulfilment. In regard to a few sites, for which the BNetzA assumes that Telefónica Deutschland Group is responsible for the delay, the BNetzA opened an additional consultation in the context of a fine

proceeding in September 2023. According to press reports, corresponding consultations are also being held with the other three mobile network operators. In December 2025, the BNetzA definitively terminated the fine proceedings against Telefónica Deutschland Group based on the aforementioned final ruling of the Administrative Court of Cologne of 26 August 2024 and the associated unlawfulness of the decision of the Presidential Chamber of the BNetzA of 26 November 2018, without imposing a fine.

The remaining supply coverage obligations from the 2019 spectrum auction had to be fulfilled by 31 December 2024. Specifically, by 31 December 2024 all other federal highways had to be provided with a transmission rate of at least 100 Mbps in the downlink in the antenna sector and – in each case with a transmission rate of at least 50 Mbps in the downlink in the antenna sector – all federal state and national roads, all seaports and inland waterways of the federal core network as well as all other railways had to be covered. The supply by other assignment holders is taken into account in each case. In January 2025, Telefónica Deutschland Group presented the final report on the fulfilment of the coverage obligations from the 2019 spectrum auction due on 31 December 2024 to the BNetzA. In its final report, Telefónica Deutschland Group informed the BNetzA that the coverage obligations due on 31 December 2024 had been fully met. The only exceptions for all assignment holders are a few tunnels where the provision of supply depends on the tunnel operators and is not in the hands of the assignment holders. In the “Report on the state of mobile coverage” (Bericht über den Zustand der Mobilfunkversorgung) pursuant to Section 103 (5) of the German Telecommunications Act (Telekommunikationsgesetz – TKG) for submission to the Committee on Digital Transformation and Government Modernisation and the Committee on Transport of the German Bundestag as of July 2025, the BNetzA reported that all mobile network operators fulfilled the coverage obligations due at the end of 2024 on time, taking into account the offsetting with exceptions for tunnel coverage.

Frequency holders are allowed to enter into cooperation agreements to fulfil individual obligations. For this purpose, in July 2021, Telefónica Deutschland Group, Deutsche Telekom Group and Vodafone Group concluded a cooperation for the joint construction of additional radio towers and masts, as well as their technical support and use. The plan is for the participating companies to construct an equal number of new sites, which can then be used by the cooperation partners as needed on equal terms and equipped with their own antennas and network technology.

In November 2021, Telefónica Deutschland Group concluded an agreement with Deutsche Telekom Group on active shared network usage at “grey spots”, which are areas in which previously only one mobile network operator has offered mobile network access to its customers. A similar agreement with the Vodafone Group has been concluded on 25 January 2022. In both cooperation agreements, live operations were launched in the third quarter of 2022 with reciprocal access to the first mobile network sites.

1&1 Group completes customer migration to its own core network

On 23 August 2024, 1&1 Group announced the final signing of a long-term, exclusive national roaming partnership with another network operator, which will include the non-discriminatory provision of national roaming services in areas not yet covered by the new 1&1 mobile network and in particular include access to Vodafone Group’s 5G network, including the 2G and 4G mobile communications standards, as well as future mobile communications standards and technologies. The migration of existing 1&1 customers from the core network of Telefónica Deutschland Group to the core network of 1&1 Group was completed at the end of 2025.

BNetzA decision on Multiconnect GmbH’s application for dispute resolution

Multiconnect GmbH filed an application with the BNetzA against Telefónica Deutschland Group for dispute resolution proceedings and a decision in accordance with Section 212 (1) TKG on the allegation of a violation of the negotiation requirement pursuant to Section III.4.15 of the Presidential Chamber Decision of 26 November 2018, BK1-17/001, by Telefónica Germany GmbH & Co. OHG. With respect to this application, the BNetzA decided on 7 July 2025 that Telefónica Deutschland Group must submit a modified offer to Multiconnect GmbH for the conclusion of a contract for full MVNO access to the mobile network of Telefónica Germany GmbH & Co. OHG in accordance with various requirements specified in further detail by the BNetzA. These requirements related in particular to the amount of the wholesale charges. In addition, it was found that regulations on exclusivity and download speed are objectively inappropriate in their specific form and violate the negotiation requirement. Telefónica Deutschland Group submitted a modified offer to Multiconnect GmbH in due time. Telefónica Deutschland Group filed an action against the decision of the BNetzA before the Administrative Court of Cologne. A decision has not yet been reached on the action.

Telecommunications market

BNetzA specifies regulations on special right of termination and a right to a reduction in price in the new Telecommunications Act

On 1 December 2021, the amended German Telecommunications Act (TKG) on the implementation of the EU Electronic Communications Code came into force. Among other provisions, both mobile and fixed-network customers will have a special right of termination and a right to a reduction in price if the service provided deviates from the agreed service. The BNetzA has published a General Administrative Order for fixed-network internet access with effect from 13 December 2021 to specify the vague legal terms “significant, continuous or regularly recurring deviation in speed” and guidelines on a monitoring mechanism for furnishing proof of such deviations. On 12 June 2024, the BNetzA submitted the draft of a general ruling on the planned reduction regulations for mobile internet access as well as the draft of a handout with specific requirements for demonstrating reduced performance for consultation until 31 July 2024. Among other things, the

BNetzA applies discounts based on the respective household density. In order to take into account the special features of mobile telephony as a shared medium, significantly more measurements are planned over several days compared to the fixed network. At the same time, the BNetzA has started to develop a mobile communications measurement tool for the verification of reduced performance. Telefónica Deutschland Group submitted its response to the consultation within the specified time limit. The final general ruling and handout as well as the introduction of the mobile communications measurement tool are expected in the first quarter of 2026.

BNetzA updates the minimum requirements for internet access services within the framework of the right to be supplied with telecommunications services

The amended Telecommunications Act (TKG), which entered into force on 1 December 2021, grants a right to be supplied with a minimum offering of telecommunications services. This minimum offering includes voice communications services and a fast internet access service for appropriate participation in social and economic life. The BNetzA has defined the minimum requirements for internet access services in the German Telecommunications Minimum Supply Ordinance (Telekommunikationsmindestversorgungsverordnung, TKMV) with effect from 1 June 2022. Those minimum requirements were updated as of 1 January 2025. Accordingly, the download speed must be at least 15 megabits per second, the upload rate must be at least 5 megabits per second, and the latency, i.e. the response time, remains unchanged at a maximum of 150 milliseconds. The BNetzA will continue to regularly review these figures in the future. Telefónica Deutschland Group had participated in an association statement on this. The minimum offering is to be provided at an affordable price, which is based on the BNetzA's "Principles for calculating affordable prices for telecommunications services" of 16 August 2022 and is currently approximately EUR 35. In addition, the BNetzA is currently developing a more detailed definition of the net cost calculation and the allocation procedure in accordance with Sections 162 and 163 TKG.

Digital Networks Act (DNA)

In February 2024, the EU Commission published a white paper on future telecommunications regulation (DNA), which triggered an intensive discussion process. The key issues here are the question of market consolidation in order to realise economies of scale, deregulation in fixed-line access regulation and the participation of over-the-top players (OTTs) in the costs of network infrastructure. The focus is on how to improve Europe's global competitiveness. The EU Commission conducted a market consultation on this subject in May 2025 and published a consultation draft of the DNA on 21 January 2026. Consultations with the EU Parliament and the member states are expected to take place throughout 2026, so the final DNA is not expected before the end of the year.

EU Consumer Credit Directive

In September 2025, the German government passed a draft bill implementing the revised EU Consumer Credit Directive and submitted it to the German Bundestag. It will essentially enter into force on 20 November 2026. The law will significantly

extend the scope of German consumer lending law and includes previously unregulated forms of credit in the regulations on consumer credit for the first time. In the future, small loans up to EUR 200, interest-free and fee-free loans and "Buy now, pay later" models will also be included in the scope of regulation. "Buy now, pay later" means that when you make a purchase, the money will not be debited from your account until a later date. In addition, the requirements for the creditworthiness check that must be carried out before concluding the contract are to be tightened. In Telefónica Deutschland Group, the new regulations will have a particular impact on the sale of mobile phones (My Handy).

Payment Services Directive III and Payment Services Regulation

The revision of the regulatory framework for payment services has been initiated at EU level. To this end, work is under way on a Payment Services Directive III as well as on a new Payment Services Regulation. The regulation would be directly applicable in all member states and, unlike the directive, would not have to be transposed into national law. The subject of the revision is, among other things, the question of whether and how telecommunications service providers must prevent customers from feigning false identities and thus causing financial damage to participants in payment transactions. There is also the question of the liability of telecommunications service providers in such cases. In addition, changes could be made to the exceptions. These exceptions allow companies to provide payment services within a particularly limited scope without the necessary authorisation. Telefónica Deutschland Group could be affected here with regard to customer payments for digital goods in app stores or via mobile phone bills. Telefónica Deutschland Group is currently able to process payments in this area within certain limits without specific authorisation. The final Payment Services Directive III and the final Payment Services Regulation are expected at the beginning of 2026.

IT Security Act 2.0, NIS-2 and KRITIS Umbrella Act

In May 2021, the "Second Act to Increase the Security of Information Technology Systems" came into force, which builds on the first act from 2015 and aims to better protect public structures from cyber attacks. This is especially true for critical infrastructures (KRITIS), such as telecommunications. The law stipulates that "critical components" must be identified by the mobile network operators in their networks and reported to the German Federal Ministry of the Interior (BMI) before they are put into operation. The German federal government then has a two-month review period during which it can prohibit the use of components or issue orders for their use. Telefónica Deutschland Group reported critical components from various manufacturers to BMI for the first time at the end of 2022 and again in 2023. The BMI has so far concluded all review procedures without issuing a prohibition. Furthermore, the BMI may also review pre-existing critical components of the existing infrastructure. Such a review was launched in April 2023. In July 2024, the BMI signed public law contracts with Telefónica Deutschland Group, Deutsche Telekom Group and Vodafone Group for the further deployment of critical components in the 5G mobile networks. The contracts oblige the mobile network operators to stop using critical components from the manufacturers Huawei and ZTE in their 5G core

networks by the end of 2026 at the latest. In addition, the mobile network operators are obliged to replace the critical functions of the 5G network management systems from Huawei and ZTE in their access and transport networks of the 5G mobile network with technical solutions from other manufacturers by the end of 2029. The review procedures conducted by the BMI were concluded at the same time as the contracts. Telefónica Deutschland Group already uses almost exclusively components from the European Ericsson Group in its 5G core network. Necessary conversions in the access and transport network of the 5G mobile network can be carried out as part of the regular network expansion.

In December 2025, the “Act Implementing the NIS 2 Directive and Regulating the Key Aspects of Information Security Management in the Federal Administration” (Gesetz zur Umsetzung der NIS-2-Richtlinie und zur Regelung wesentlicher Grundzüge des Informationssicherheitsmanagements in der Bundesverwaltung) came into force. The law is designed to provide greater protection against cyber attacks. The bill both transposes the second EU Directive on Network and Information Security (NIS-2) into German law and comprehensively modernises existing IT security law. In the future, significantly more companies will play an active role in protecting their digital infrastructure. In addition to critical infrastructure operators, the focus will be on a broader spectrum, including “important” and “particularly important” entities. This also applies to companies in the digital services sector, for example.

In September 2025, the German government passed a draft bill for the KRITIS Umbrella Act (KRITIS-Dachgesetz) and submitted it to the German Bundestag. The purpose of the KRITIS Umbrella Act is to establish overarching minimum requirements, mandatory risk analyses and fault monitoring for critical infrastructure and to strengthen defensive capacity and resilience. At the same time, the EU Critical Entities Resilience (CER) Directive is transposed into national law. The KRITIS Umbrella Act will also supplement the regulations of the NIS-2 Implementation and Cybersecurity Strengthening Act (NIS-2-Umsetzungs- und Cybersicherheitsstärkungsgesetz). The law was passed by the Bundestag in January 2026 and will enter into force shortly.

Amendment to the Telecommunications Act

The German Federal Ministry for Digital Transformation and Government Modernisation (BMDS) is preparing an amendment to the TKG to further advance the expansion of fibre-optic and mobile networks in Germany and to transpose EU requirements from the Gigabit Infrastructure Act (GIA) into national law. To this end, in July 2025, the BMDS set out the key points for a law amending the TKG and improving the framework conditions for telecommunications network expansion under telecommunications law and submitted them for consultation; Telefónica Deutschland Group participated in this consultation. The next steps will be the ministerial and cabinet drafts of the proposed law.

Act Amending the Telecommunications Act and Establishing Overriding Public Interest in the Expansion of Telecommunications Networks

In July 2025, the “Act Amending the Telecommunications Act and Establishing Overriding Public Interest in the Expansion of Telecommunications Networks (TKG Amendment Act 2025)” (Gesetz zur Änderung des Telekommunikationsgesetzes und zur Feststellung des überragenden öffentlichen Interesses für den Ausbau von Telekommunikationsnetzen) came into force. The law establishes an overriding public interest in the expansion of telecommunications networks. The regulation, which applies until 31 December 2030, covers the expansion of both fibre-optic and mobile networks and must be taken into account in all the necessary approval procedures. As a result, in approval procedures, priority will generally be given to the expansion of telecommunications networks when weighing up the different concerns, which will significantly accelerate the proceedings and the approval process. The regulation is to apply without restriction in all approval procedures and would apply, for example, in the case of exceptions or exemptions from prohibitions under nature conservation law or restrictions under water law, monument protection or building law.

Artificial intelligence

EU Regulation 2024/1689 on artificial intelligence (AI Act) entered into force on 1 August 2024. In principle, the provisions of the regulation will apply directly from 2 August 2026, though some come into force earlier. For example, the provisions on prohibited AI and AI competence came into force on 2 February 2025. From 2 August 2025, member states were required to designate national authorities to implement the regulation. This includes at least one notifying authority and at least one market surveillance authority, which also acts as a central point of contact. To this end, in August 2025, the BMDS presented a ministerial draft bill for a law implementing the AI Act. The bill determines which German authorities are responsible, regulates their tasks and the necessary cooperation, and also contains provisions on the fine procedure. In addition, existing laws are to be adapted to the requirements of the EU regulation. Telefónica Deutschland Group started implementing the requirements of the AI Act at an early stage. In addition to the early implementation of a comprehensive AI governance system, Telefónica Deutschland Group ensured in due time that it did not use any prohibited AI and that employees had appropriate AI competence. In addition, an AI register has been implemented, which includes all AI systems used in Telefónica Deutschland Group and classifies them according to risk levels. These are complemented by several additional measures that collectively ensure the safe, responsible and value-adding use of AI.

Data retention

On 20 September 2022, the European Court of Justice ruled that the German law on data retention in force at the time violated EU law. Due to similar decisions by the Administrative Court of Cologne, the BNetzA had already suspended the implementation of these rules since 2017. In December 2025, the Federal Ministry of Justice and Consumer Protection published a draft bill for a follow-up regulation for a “Law on the Introduction of IP Address Storage and Further Development of

Powers for Data Collection in Criminal Proceedings" (Gesetz zur Einführung einer IP-Adressspeicherung und Weiterentwicklung der Befugnisse zur Datenerhebung im Strafverfahren). In order to implement such a succession plan, Telefónica Deutschland Group may need to take increased precautions, for example to store larger amounts of data, to meet special data protection requirements, to respond to requests from authorised bodies or to protect data against cyber attacks.

Access and price regulation

EU Roaming Regulation

The new version of the EU Roaming Regulation was published in the Official Journal of the European Union on 13 April 2022 and entered into force for the most part on 1 July 2022. Accordingly, the currently valid principle of "roam-like-at-home", among other things, was extended until the end of June 2032. In the case of wholesale charges, the charge will be gradually reduced until 2032. From 1 January 2025, the charge was reduced to EUR 1.30 per gigabyte, and from 1 January 2026 to EUR 1.10 per gigabyte. From 1 January 2027 to 30 June 2032, a reduction to EUR 1.00 is envisaged. From 1 July 2022, a wholesale charge of 0.40 euro cents per SMS applies; this was reduced to 0.30 euro cents from 1 January 2025 to 30 June 2032. A wholesale charge of 2.20 euro cents per minute applies to outgoing voice calls from 1 July 2022; this was reduced to 1.90 euro cents from 1 January 2025 to 30 June 2032. The EU Commission will also be asked to look into measures on intra-EU calls, i.e. calls from the home country to another EU member state. The current maximum end-user prices for regulated intra-EU communications of 19 euro cents per minute for calls and 6 euro cents per text message (both excluding VAT), which were initially limited to 14 May 2024, have been extended to the end of 2028.

Termination rates for mobile and fixed network

Due to the delegated act of the EU Commission that came into force on 1 July 2021, the MTR (Mobile Termination Rate) may not exceed 0.20 euro cents per minute and the FTR (Fixed Termination Rate) may not exceed 0.07 euro cents per minute since the beginning of 2024. These maximum rates apply to all German providers of these services. By the end of 2025, the EU Commission is to carry out a review of the existing regulation. To do this, the EU Commission has appointed Axon Partners Group Consulting to analyse the costs underlying the MTR and FTR as well as the roaming charges in order to determine new charge caps if necessary. The results of the review were published on 21 January 2026, and no need to set new charge caps was identified. The previous maximum rates will therefore continue to apply for the time being. It is unclear when a new review will take place.

Copper to fibre migration

On 28 April 2025, the BNetzA published the document "Impetus for discussion on the regulated migration from copper to fibre networks" (discussion paper) and made it available for consultation. Based on this, the BMDS launched a consultation in October 2025 on "Key issues for an overall concept on copper to fibre migration" (BMDS key issues paper). Telefónica Deutschland Group participated in both consultations. In January 2026, the BNetzA took up the discussion paper and the

BMDS key points paper and submitted a "Regulatory concept of the Federal Network Agency for the migration from copper to fibre networks" (regulatory concept) for consultation by 16 March 2026. Telefónica Deutschland Group will participate in this within the specified time frame. The background to the consultations is that the market and the BNetzA are turning their attention to the transition from copper to fibre-optic networks (the copper to fibre migration) as a result of the ongoing expansion of fibre-optic networks. With the discussion paper and the regulatory concept, the BNetzA is laying the foundations for a public discussion on the upcoming copper to fibre migration and the necessary regulatory procedures. The BNetzA's regulatory concept provides for the legal establishment of a rule-based procedure for switching off copper networks. Subsequently, it should be possible to initiate a shutdown if certain specified "migration conditions" are met in an area, regardless of who built the fibre-optic network. In its regulatory concept, the BNetzA emphasises the interlinking with the above-mentioned legislative procedures at national (TKG amendment) and European (DNA) level. The regulatory concept will be further developed into an overall concept in the course of the various discussion strands. The BNetzA is expected to initiate a discussion process, probably in the first half of 2026, with the aim of providing guidance to the market on pricing principles and the practical design of fair, reasonable and non-discriminatory wholesale charges in the open-access sector. Telefónica Deutschland Group serves the majority of its fixed-network customers via various types of DSL connections via the copper network of Deutsche Telekom Group, but also has an increasing number of alternative access options such as FTTH via the Deutsche Telekom Group network as well as alternative providers and cables. Deutsche Telekom Group has not yet started to dismantle its copper network.

Overview of Financial Year 2025

Operational performance

Telefónica Deutschland Group achieved a robust operating performance in its core business in financial year 2025, mainly due to the brand O₂ and strong growth in M2M connections. However, the strategic plan to compensate for the 1&1 customer migration was delayed, with a corresponding impact on the financial performance in the financial year. This is due in particular to the increasing saturation of the German telecommunications market and an increased level of competition across all segments. Overall, however, the competitive environment remained rational.

In financial year 2025, Telefónica Deutschland Group recorded a total of 697 thousand postpaid net additions (824 thousand in 2024) and 742 thousand M2M net additions (368 thousand in 2024). The "prepaid to postpaid" migration trend continued in the German market for prepaid accesses (-618 thousand in 2025 compared to -641 thousand in 2024).

As a result, the number of mobile accesses excluding third-party network operator accesses rose to 35.2 million at the end

of 2025, an increase of 2.4% compared to the previous year. With an increase to 18.0 million postpaid accesses²⁰ (+4.0% compared to the previous year), the postpaid business for the core brand O₂ was again the growth driver. The customer churn in the O₂ postpaid business remained at a low level in financial year 2025, despite the intense competitive environment. The implied annualised churn rate for the O₂ brand of 12.8% (12.2% in 2024) demonstrates continued quality and service improvements as well as successful customer retention.

The O₂ postpaid ARPU declined slightly in financial year 2025, falling by 1.0% compared to the previous year. This is mainly due to a higher number of second and third SIM cards and confirms the good customer demand for "O₂ Mobile Friends & Family" tariff options.

In financial year 2025, the largely saturated German fixed-network market was characterised by increasing demand for fibre-optic connections, which benefited alternative fibre-optic providers in particular. Within the technology-agnostic "O₂ Home" portfolio, Telefónica Deutschland Group also recorded growth in fibre-optic and cable connections. However, this could not fully compensate for the customer churn in technically obsolete DSL and VDSL connections; a total of 9 thousand net losses (-17 thousand in 2024) were recorded. The fixed-network customer base was thus 2.4 million at the end of the year (-0.4% compared to the previous year). The ARPU increased by 4.1% to EUR 28.5.

Financial performance

The financial performance of Telefónica Deutschland Group in financial year 2025 largely reflects the migration of the 1&1 customer base completed at the end of the year. The underlying business without 1&1, on the other hand, developed slightly positively.

Revenues in financial year 2025 fell by 3.8% compared to the previous year to EUR 8,172 million. This is mainly due to the development of mobile service revenues, which declined by 5.7% compared to the previous year. The positive development of our private customer business for the core brand O₂ could

not compensate for the negative effects of the 1&1 customer migration in an intensely competitive environment.

In addition, hardware revenues developed in line with the German market and, despite a seasonally strong fourth quarter, were down 1.9% on the previous year. This is due in particular to longer replacement cycles for mobile devices and increased price sensitivity in consumer demand.

The fixed business, on the other hand, continued to develop positively and recorded growth of 3.3% compared to the previous year. This is due to the steadily increasing share of higher-quality tariffs in the customer base as well as the successful implementation of price increase measures.

Operating income before depreciation and amortisation (EBITDA) adjusted for exceptional effects declined by 8.8% in reporting year 2025 compared to the previous year to EUR 2,479 million. This is mainly a consequence of the 1&1 customer migration, with successful efficiency measures offsetting the impact. However, the targeted growth across all segments could only be partially achieved in a highly competitive market. Overall, the strategic plan to compensate for the 1&1 customer migration was therefore delayed and this was reflected accordingly in the EBITDA performance of the reporting year. The adjusted EBITDA margin declined to 30.3% (-1.7 percentage points year-on-year). The underlying EBITDA excluding the 1&1 customer migration, on the other hand, once again developed positively.

Capital expenditure

The investment focus of Telefónica Deutschland Group in financial year 2025 was once again on network expansion and the further expansion of the 5G network. At the end of 2025, 5G population coverage²¹ was around 99%, which means that the Group has achieved its goal of almost nationwide coverage and the investment peak for the 5G expansion lies behind it. Capital expenditure (CapEx) declined by 15.5% in financial year 2025 to EUR 964 million (previous year: EUR 1,141 million). The CapEx/Sales ratio was 11.8% (previous year: 13.4%).

T 02 – OVERVIEW OF FINANCIAL YEAR 2025

	Actual 2024	Outlook 2025	Financial year 2025 (development year-on-year in %)	Assessment (compared to the original outlook)
Revenues	EUR 8,492 million	Broadly stable year-on-year	EUR 8,172 million (-3.8%)	Worse than expected
EBITDA adjusted for exceptional effects ⁽¹⁾	EUR 2,717 million	Broadly stable year-on-year	EUR 2,479 million (-8.8%)	Worse than expected
CapEx/Sales ratio	13.4%	12–13%	11.8%	Lower than expected

⁽¹⁾ From financial year 2025 onwards, only personnel-related restructuring expenses (restructuring income for 2025: EUR 1 million; 2024: EUR 1 million) and gains/losses from the sale of assets will be reported and adjusted as exceptional effects. Acquisition-related consultancy costs and non-personnel-related restructuring expenses (restructuring income of EUR 1 million in 2024) will no longer be adjusted. Exceptional effects in financial year 2025 comprised total restructuring income of EUR 1 million (previous year: restructuring income of EUR 2 million).

Business development is further detailed in the following sections.

²⁰ Excluding M2M and excluding third-party network operator accesses

²¹ The selected population-based evaluation includes not only the household-based coverage calculation with a fixed location reference as reported to the German Federal Network Agency. It also includes commuter flows within the population, with the result that some of the population are counted both in their residences and in their workplaces (maximum population). In doing this, Telefónica Deutschland Group takes into account that the services are in demand not only at home but also when travelling. This value is the value for the end of 2025, which indicates the availability of mobile telecommunications services outside of buildings (outdoors).

Results of Operations

T 03 – CONSOLIDATED INCOME STATEMENT

1 January to 31 December

(in EUR million)	2025	2024	Change	% change
Revenues	8,172	8,492	(320)	(3.8)
Other income	222	192	30	15.8
Operating expenses	(5,914)	(5,964)	50	(0.8)
Supplies	(2,584)	(2,588)	4	(0.2)
Personnel expenses	(718)	(700)	(17)	2.5
Impairment losses in accordance with IFRS 9	(92)	(93)	1	(0.8)
Other expenses	(2,520)	(2,582)	63	(2.4)
Operating income before depreciation and amortisation (EBITDA)	2,480	2,719	(240)	(8.8)
EBITDA margin	30.3%	32.0%	-	(1.7%-p.)
Depreciation and amortisation	(2,148)	(2,214)	66	(3.0)
Operating income	332	505	(173)	(34.3)
Financial result	(152)	(159)	7	(4.5)
Result from investments accounted for using the equity method	(28)	(16)	(12)	77.3
Profit/(loss) before tax	152	330	(178)	(53.9)
Income taxes	15	6	9	151.9
Profit/(loss) for the period	167	336	(169)	(50.2)

T 04 – REVENUE BREAKDOWN

1 January to 31 December

(in EUR million)	2025	2024	Change	% change
Mobile business revenues	7,233	7,596	(363)	(4.8)
Mobile service revenues	5,483	5,812	(329)	(5.7)
Hardware revenues	1,750	1,785	(35)	(1.9)
Fixed business revenues	886	857	29	3.3
Other revenues	53	38	15	37.8
Revenues	8,172	8,492	(320)	(3.8)

T 05 – RECONCILIATION OF PERFORMANCE INDICATORS ALSO USED FOR THE INTERNAL MANAGEMENT

1 January to 31 December

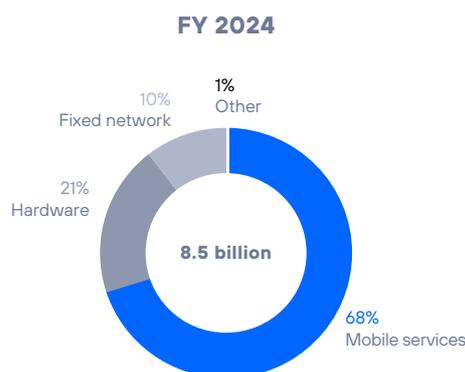
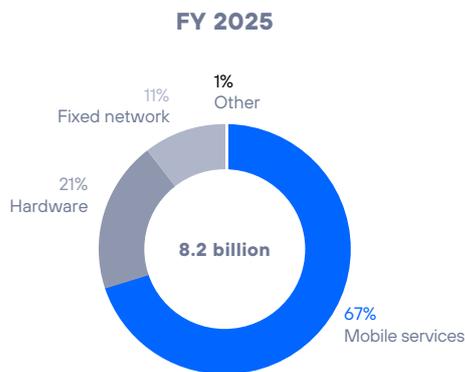
(in EUR million)	Consolidated Income Statement 2025	Exceptional effects from restructuring 2025	Other exceptional effects 2025	2025 adjusted*	2024 adjusted*	Change	% change
Revenues	8,172	-	-	8,172	8,492	(320)	(3.8)
Other income	222	-	-	222	192	30	15.8
Operating expenses	(5,914)	(1)	-	(5,915)	(5,966)	52	(0.9)
Supplies	(2,584)	-	-	(2,584)	(2,588)	4	(0.2)
Personnel expenses	(718)	(1)	-	(718)	(701)	(17)	2.4
Impairment losses in accordance with IFRS 9	(92)	-	-	(92)	(93)	1	(0.8)
Other expenses	(2,520)	-	-	(2,520)	(2,584)	64	(2.5)
Operating income before depreciation and amortisation (EBITDA)	2,480	(1)	-	2,479	2,717	(238)	(8.8)

* From financial year 2025 onwards, only personnel-related restructuring expenses (2025: restructuring income of EUR 1 million, 2024: restructuring income of EUR 1 million) and gains/losses from the sale of assets will be reported and adjusted as exceptional effects. Acquisition-related consultancy costs and non-personnel-related restructuring expenses (restructuring income of EUR 1 million in 2024) will no longer be adjusted.

Decline in revenue

Revenue fell by 3.8% in financial year 2025. This was due to the decline in mobile service revenues, mainly resulting from the 1&1 migration, and the largely margin-neutral hardware revenue, which could only be partially offset by higher fixed-network revenue.

G 05 – REVENUES (IN % AND IN EUR BILLION)



Mobile service revenues declining

In a highly competitive and increasingly saturated German market, revenues from mobile services have fallen. In financial year 2025, Telefónica Deutschland Group recorded a year-on-year decline in revenue from mobile services of 5.7%. The decline in revenues in the partner business outweighed the positive contribution of the O₂ Mobile portfolio compared to the previous year. This is mainly due to the 1&1 customer migration that was completed as planned at the end of the year.

The NRA between another network operator and 1&1 Group and the associated 1&1 customer migration was also reflected in the mobile customer base. In order to present its own operating performance, Telefónica Deutschland Group has differentiated between “mobile accesses excluding third-party network operator accesses” and “third-party network operator accesses held for transition” since the beginning of financial year 2024. Net additions in mobile postpaid business excluding M2M and excluding third-party network operator accesses increased in financial year 2025 by a total of 0.7 million to 18.0 million.

Reduction in hardware revenues

Hardware revenues are subject to general fluctuation, as they depend on the launch cycles of new mobile devices. In financial year 2025, revenues from the sale of hardware fell by 1.9% year-on-year in line with the market. The main driver was declining demand for end devices from customers as a result of longer useful lives, as well as lower demand from our mobile communications partners.

Increase in fixed business revenues

Revenues from fixed business rose by 3.3% year-on-year in financial year 2025. Fixed broadband revenues (FBB) in the end customer business continued their growth path, increasing mainly due to the growing customer base, particularly in cable and fibre optics, and due to a portfolio price increase. Likewise, the low-margin fixed business from international voice minutes also rose slightly.

Other revenues increased significantly

Other revenues increased by EUR 15 million compared to the previous year, mainly due to a licence agreement with a business partner.

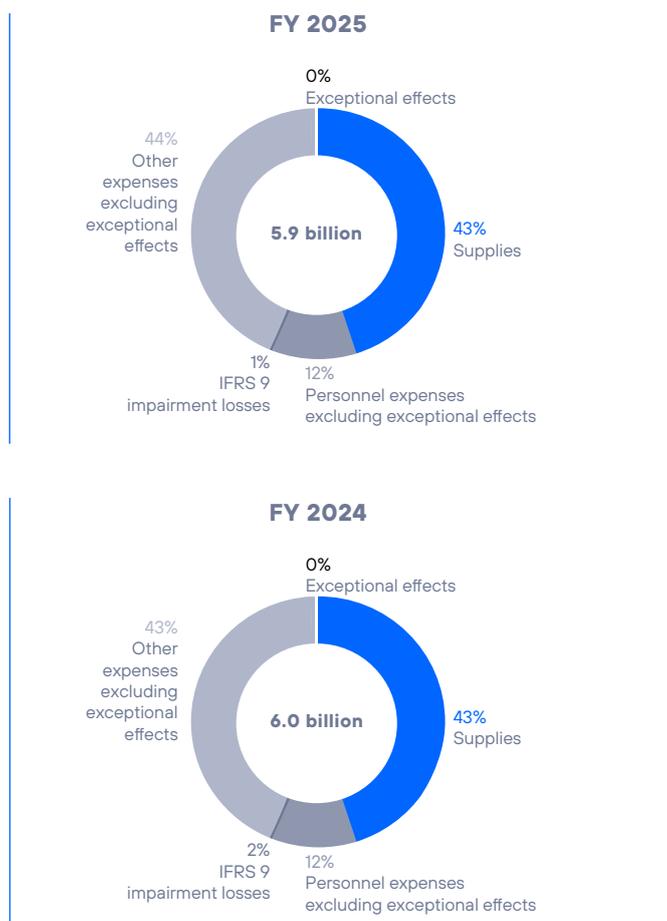
Other income increased

Other income increased by EUR 30 million to EUR 222 million in financial year 2025. In 2025, income amounting to EUR 21 million, which includes compensation payments as well as dunning and similar fees, inter alia, were reported for the first time under other income. In the previous year, these were still shown under other expenses. In addition, EUR 9 million of the higher other income is attributable to the sale of software licences.

Lower operating expenses

Operating expenses fell slightly by 0.8% in financial year 2025 compared to the previous year, mainly due to lower other expenses. The cost of materials remained stable year-on-year. Personnel expenses, on the other hand, rose. Operating expenses included exceptional effects of EUR 1 million (previous year: EUR 1 million), which was mainly due to personnel-related restructuring income. In the previous year, non-personnel-related restructuring income of EUR 1 million was also included in exceptional effects, but this is no longer adjusted as of the current financial year.

G 06 – OPERATING EXPENSES (IN % AND IN EUR BILLION)



Supplies remain stable

The item Supplies remained stable in financial year 2025 compared to the previous year. The lower cost of materials for connectivity as a result of declining mobile business revenues was largely offset by a higher cost of materials in the fixed network, which rose due to the new technology mix in the customer base and price increases for connections purchased from third-party providers.

Personnel expenses increased compared to previous year

In financial year 2025, personnel expenses increased by 2.5%, reflecting in particular the general salary adjustments in financial years 2024 and 2025. In 2025, there were exceptional effects from restructuring income of EUR 1 million (previous year: EUR 1 million).

Other expenses down

Other expenses decreased by 2.4% in financial year 2025. This is mainly due to successful cost management, in particular in sales and marketing expenses. In addition, income in the amount of EUR 21 million relating to compensation payments and dunning and similar fees, inter alia, which had been reported under other expenses in the previous year, was reported under other income for the first time in 2025.

Decline in EBITDA adjusted for exceptional effects

In financial year 2025, EBITDA adjusted for exceptional effects declined by 8.8% year-on-year to EUR 2,479 million. This development was mainly due to the migration of partner customers, partly offset by the robust momentum of the own brand and the decline in operating expenses as a result of successful cost management and efficiency measures. As a result, EBITDA amounted to EUR 2,480 million (previous year: EUR 2,719 million) and the EBITDA margin (adjusted and unadjusted) fell by 1.7 percentage points to 30.3% in financial year 2025.

G 07 – EBITDA (IN EUR MILLION)



Decline in depreciation and amortisation

The decrease in depreciation and amortisation to EUR 2,148 million (previous year: EUR 2,214 million) in financial year 2025 was mainly due to lower amortisation and depreciation of intangible assets and technical equipment in the network. This was offset by depreciation of rights of use, which increased slightly due to new contracts and indexation.

Operating income impacted by lower revenues

Operating income decreased in financial year 2025 by 34.3% to EUR 332 million (previous year: EUR 505 million). This was due in particular to the decline in mobile business revenues.

Financial result slightly up

At EUR -152 million, the financial result was slightly up in the reporting period (EUR -159 million in the previous year). Interest income remained almost constant, while interest expenses fell slightly. This was due to a decrease in interest expenses for factoring transactions and lower interest expenses due to the repayment of the bond in July 2025. In contrast, interest expenses increased slightly due to higher interest expenses from lease agreements and higher utilisation of overdraft facilities.

Result from investments accounted for using the equity method

Against the backdrop of the joint venture with Telefónica Infra, S.L.U. and Allianz Group, formed in 2020 to expand fibre-optic accesses (FTTH) for households in Germany, the pro rata result related to the at-equity 10% investments in UGG TopCo GmbH & Co. KG and in UGG TopCo/HoldCo General Partner GmbH is reported. This amounted to EUR -28 million in financial year 2025 (previous year: EUR -16 million).

Income taxes with higher tax income

After proportionate offsetting against tax losses carried forward for trade tax purposes, Telefónica Deutschland Group recorded positive trade income in financial year 2025, while it increased its corporate income tax losses carried forward for corporate income tax purposes due to a lack of taxable income (in the

previous year, proportionate offsetting against tax losses carried forward was also carried out for corporate income tax purposes). Tax income of EUR 15 million in financial year 2025 (previous year: EUR 6 million) includes tax income of EUR 21 million (previous year: EUR 36 million) from changes in deferred taxes. In contrast, current tax expenses of EUR 5 million were recognised after proportionate offsetting against tax losses carried forward (previous year: EUR 30 million). This includes current tax expenses of EUR 2 million for financial year 2025 (previous year: EUR 36 million) and out-of-period tax expenses of EUR 3 million (previous year: out-of-period tax expenses of EUR 7 million). The income from deferred taxes is attributable to the changes in taxable temporary differences and the additional capitalisation of deferred taxes on losses carried forward. The increase in deferred tax income will be partially offset by the opposing effect associated with the gradual reduction in the corporate income tax rate from 15% to 10%, starting in 2028.

Decline in profit for the period

Profit for the period fell in financial year 2025 to EUR 167 million (previous year: EUR 336 million), due in particular to lower mobile business revenues, which could not be offset by lower depreciation and amortisation or cost savings.

Financial Position

Principles and goals of financial management

Risk control and a central management are the fundamental principles of financial management at Telefónica Deutschland Group. The goal of financial management is to continually ensure sufficient financial liquidity and stability. Risk controls are used in order to anticipate potential risks and counteract those using corresponding measures. At present, there are no circumstances which would indicate that Telefónica Deutschland Group would not be able to meet its financial obligations.

One key performance indicator is the net leverage ratio (>Chapter MANAGEMENT SYSTEM).

Financing

Borrowed capital is obtained through credit facilities and capital market instruments.

Early termination of the syndicated loan

On 18 December 2019, Telefónica Deutschland Group signed a syndicated revolving credit facility in the amount of EUR 750 million with a term until 17 December 2024. After exercising the second extension option in 2021, the credit facility was initially to run until 17 December 2026. The credit facility was terminated early by Telefónica Deutschland Group as of 10 January 2025.

Financing agreements with the European Investment Bank (EIB)

On 13 June 2016, Telefónica Deutschland Group signed its first financial agreement with the EIB, which originally amounted to EUR 450 million with a term of eight years. The amortising loan was repaid in full in financial year 2025.

Additional financing agreements with the EIB were signed on 18 December 2019 for EUR 300 million and on 14 January 2020 for EUR 150 million. As of 31 December 2025, these loans had been utilised in the amount of EUR 300 million. The EIB loans have terms until June 2029 and July 2029 respectively as of drawdown and will be repaid in equal instalments.

Two ancillary contractual conditions (covenants) must be observed in the context of the loan liabilities to the EIB. Firstly, a nominal minimum amount should be maintained which is not financed by the EIB. Secondly, a fixed minimum share of external financing outside the EIB must be ensured within the Group's financing structure. In order to avoid the effects of a possible breach of the covenants due to the reduction of credit lines and the repayment of the bond due in July, a contractual amendment to one of these conditions was therefore agreed with the EIB in advance. In addition, as part of the contractual arrangements, the EIB issued a waiver in advance, valid until 31 July 2026, for the condition not affected by the contractual amendment. The financing was duly continued without the loans becoming due for repayment or any changes in valuation or collateral. The Group's financial capacity to act was not impaired at any time. There is no indication that the Company will not comply with the covenant after the waiver expires.

Promissory notes and registered bonds

On 13 March 2015, Telefónica Deutschland Group completed an initial placement of promissory notes and registered bonds with different maturities up to 2032 and a total volume of EUR 300 million. In February 2018, further promissory notes in various tranches and a registered bond with a total volume of EUR 250 million with various maturities up to 2033 were issued. In financial year 2019, further promissory notes in various tranches with a total volume of EUR 360 million with maturities up to 2029 were placed on 25 April. Taking into account scheduled repayments in previous years totalling EUR 682 million and repayments of EUR 54 million in financial year 2025, a promissory note volume of EUR 174 million is still outstanding as of 31 December 2025.

Bond liabilities

The bond issued in July 2018 by O2 Telefónica Deutschland Finanzierungs GmbH, Munich, with a nominal volume of EUR 600 million, was repaid as planned after the seven-year term on 5 July 2025.

Telefónica Deutschland Group continues to benefit from Telefónica, S.A. Group cash pooling

Telefónica Deutschland Group will continue to participate in the liquidity management system of Telefónica, S.A. Group. Agreements have been made with Telfisa Global B.V. for deposits and liquidity management. The liquidity of Telefónica, S.A. Group is centralised by means of these agreements. This allows us to

benefit from the economies of scale of Telefónica, S.A. Group. As part of the cash pooling, the Group has access to overdraft facilities up to a maximum amount of EUR 1,974 million with a term until 30 June 2026 and thereafter a maximum amount of EUR 1,504 million until 31 December 2026. Telefónica, S.A. has guaranteed the performance of Telfisa Global B.V.'s obligations arising from the cash pooling agreements.

Unused credit facilities provide financial flexibility

The Group's financial flexibility remains secure reasoned to the availability of credit facilities totalling EUR 2,069 million. These are bilateral syndicated revolving credit facilities with various banks in the amount of EUR 95 million and the overdraft facility of Telfisa Global B.V. in the amount of EUR 1,974 million. The existing overdraft facility of Telefónica Deutschland Group at Telfisa Global B.V. of EUR 1,504 million was increased to EUR 1,974 million for the period from 30 July 2025 to 30 June 2026. After this period, the overdraft facility will be reduced to EUR 1,504 million again until 31 December 2026. EUR 329 million of the overdraft line at Telfisa Global B.V. had been utilised as of 31 December 2025.

Factoring as a tool to manage working capital

We have entered into factoring agreements with various credit and factoring institutions regarding the sale of receivables, with the aim, among other things, of managing our working capital. In financial year 2025, factoring transactions were concluded for instalment receivables and other trade receivables with a total net cash inflow of EUR 1,333 million (previous year:

EUR 1,752 million). The sold receivables were fully derecognised at the time of sale, with the exception of continuing involvement for sold instalment receivables. Further information on factoring can be found in the Notes to the Consolidated Financial Statements for the year ended 31 December 2025 ([Chapter 5.5 TRADE AND OTHER RECEIVABLES](#)).

Financial efficiency and payment flexibility due to extension of payment periods

In order to obtain greater financial efficiency and cash flexibility, Telefónica Deutschland Group has entered into agreements with certain commercial suppliers to extend payment periods. The industry-standard payment terms were not exceeded, so that a reclassification is not required, and the payments are shown within trade payables (see also [Chapter 5.13 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES](#)).

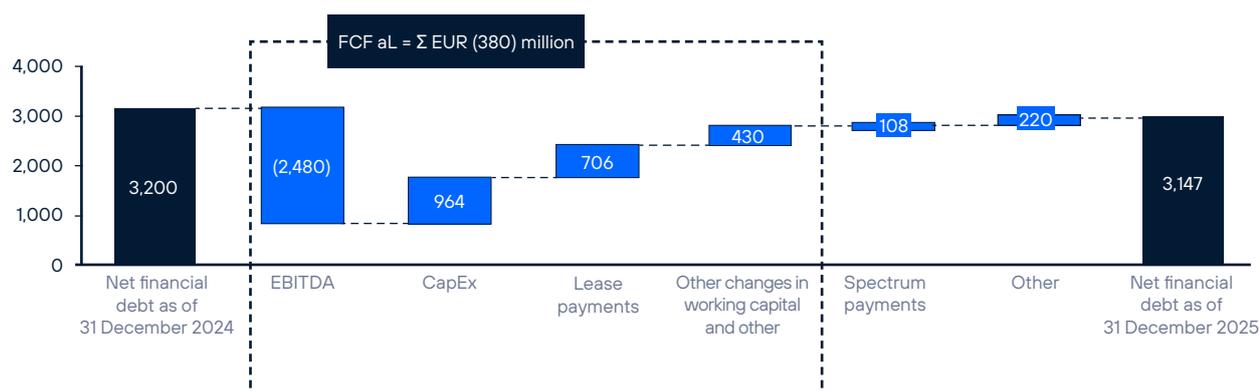
Financial analysis

Net financial debt decreased

Net financial debt, a key component of the net leverage ratio, which amounted to 1.3x at the end of the reporting year (previous year: 1.2x), decreased as of 31 December 2025 compared to the previous year by EUR 52 million to EUR 3,147 million.

The graphic below illustrates the development of net financial debt in financial year 2025.

G 08 – DEVELOPMENT OF NET FINANCIAL DEBT (IN EUR MILLION)



The following table shows the composition of net financial debt – i.e. the net amount of interest-bearing financial liabilities less any cash and cash equivalents and interest-bearing financial assets.

T 06 – COMPOSITION OF NET FINANCIAL DEBT

1 January to 31 December

(in EUR million)	2025	2024	Change	% change
A Liquidity	232	402	(170)	(42.3)
B Current financial assets⁽¹⁾	347	351	(4)	(1.1)
C Current financial debt⁽²⁾	1,081	1,378	(297)	(21.6)
D=C-A-B Current net financial debt	502	624	(123)	(19.7)
E Non-current financial assets⁽¹⁾	208	299	(91)	(30.5)
F Non-current financial debt⁽²⁾	2,854	2,875	(21)	(0.7)
G=F-E Non-current net financial debt	2,646	2,575	71	2.7
H=D+G Net financial debt⁽³⁾	3,147	3,200	(52)	(1.6)

⁽¹⁾ Current and non-current financial assets include mobile device receivables not yet due, other interest-bearing assets, net investment (in accordance with IFRS 16) and loans issued to third parties.

⁽²⁾ Current and non-current financial debt mainly includes lease liabilities, issued bonds, promissory notes and registered bonds as well as other loans.

⁽³⁾ Net financial debt includes current and non-current financial debt less current and non-current financial assets and liquidity.

Note: Mobile device receivables are presented in trade receivables in the Balance Sheet.

Off-balance sheet obligations

Purchase obligations and other contractual obligations decreased by EUR 636 million to EUR 3,064 million in financial year 2025 (previous year: EUR 3,700 million). The decline is due

in particular to a decrease in purchase obligations under supply contracts for mobile devices, agreements in fixed-network services and long-term power purchase agreements. (->Chapter 18 PURCHASE AND OTHER CONTRACTUAL OBLIGATIONS).

Liquidity analysis**T 07 – CONSOLIDATED STATEMENT OF CASH FLOWS**

1 January to 31 December

(in EUR million)	2025	2024
Cash flow from operating activities	2,068	2,513
Cash flow from investing activities	(982)	(1,117)
Free cash flow (cash flow from operating activities + cash flow from investing activities)	1,086	1,396
Cash flow from financing activities	(1,256)	(1,578)
thereof lease payments	(706)	(660)
Free cash flow after lease (after lease payments)	380	736
Net increase (decrease) in cash and cash equivalents	(170)	(182)
Cash and cash equivalents at the beginning of the period	402	584
Cash and cash equivalents at the end of the period	232	402

Consolidated Statement of Cash Flows

The following is an analysis of the cash flow development of Telefónica Deutschland Group in the financial years 2025 and 2024.

Reduction in cash flow from operating activities

Cash flow from operating activities amounted to EUR 2,068 million in financial year 2025 and thus declined compared with the previous year's figure of EUR 2,513 million. Key factors were the negative earnings contribution from the reduced EBITDA and the negative change in working capital, which amounted to EUR -240 million (financial year 2024: EUR -72 million).

Cash flow from investing activities affected by lower investments

Cash flow from investing activities was affected by lower investments in financial year 2025 compared to 2024 (EUR -982 million in 2025 vs. EUR -1,117 million in 2024). Cash

outflows decreased from EUR 1,172 million to EUR 1,092 million in 2025. They mainly included payments for investments in network equipment and software, which fell by EUR 80 million. Cash inflows increased to EUR 111 million (prior-year period: EUR 56 million). The main driver was a payment from the remaining purchase price receivable from the sale of major parts of the business operations of the rooftop sites to Telxius.

Free cash flow and free cash flow after lease declined

Free cash flow (FCF) totalled EUR 1,086 million in financial year 2025 and was EUR 310 million lower than in the same period of the previous year (EUR 1,396 million). This development is due in particular to the negative change in cash flow from operating activities with the effects described therein. This was offset by the decline in cash flow from investing activities. Free cash flow after lease also fell from EUR 736 million in 2024 to EUR 380 million in the financial year due to the lower FCF and the EUR 46 million increase in lease payments.

Cash flow from financing activities decreased

The cash flow from financing activities in financial year 2025 amounted to EUR -1,256 million (previous year: EUR -1,578 million). Cash outflows fell by EUR 218 million to EUR 3,606 million and mainly included payments for the repayment of overdraft facilities of Telfisa Global B.V. utilised temporarily during the year in the amount of EUR 2,021 million, the payment of lease liabilities of EUR 706 million, the repayment of the bond in the amount of EUR 600 million, payments for spectrum licences in the amount of EUR 108 million, the partial repayment of EIB loans in the amount of EUR 108 million and the repayment of promissory notes in the amount of EUR 54 million. In contrast, financial year 2024 included the repayment of overdraft facilities of Telfisa Global B.V. utilised temporarily during the year in the amount of EUR 2,244 million, the payment of lease liabilities of EUR 660 million, the payment of the dividend in the amount of EUR 535 million, the partial repayment of EIB loans in the amount of EUR 150 million, payments for spectrum

licences in the amount of EUR 108 million and the repayment of promissory notes in the amount of EUR 127 million.

Cash inflows increased by EUR 104 million to EUR 2,350 million (previous year: EUR 2,246 million). The change is due to a short-term increase in financial need and primarily involved overdraft facilities from Telfisa Global B.V. utilised during the reporting period totalling EUR 2,350 million (previous year: EUR 2,244 million).

Cash and cash equivalents below the level of the previous year

Based on the above-mentioned cash inflows or outflows, cash and cash equivalents decreased by EUR 170 million compared to the previous year's reporting date and on 31 December 2025 amounted to EUR 232 million (31 December 2024: EUR 402 million).

T 08 – OPERATING CASH FLOW AFTER LEASE**1 January to 31 December**

(in EUR million)	2025	2024	Change	% change
Operating income before depreciation and amortisation (EBITDA), adjusted for exceptional effects	2,479	2,717	(238)	(8.8)
Depreciation of right-of-use assets	(716)	(688)	(29)	4.2
Interest expenses on lease liabilities	(71)	(66)	(5)	7.0
CapEx	(964)	(1,141)	177	(15.5)
Operating cash flow aL (after lease)	728	822	(94)	(11.5)

Decreased operating cash flow after lease

The operating cash flow after lease fell by EUR 94 million to EUR 728 million because operating income, adjusted for exceptional effects, fell more sharply in absolute terms than the payments for capital expenditure, and lease expenses increased.

Net Assets

T 09 – CONSOLIDATED BALANCE SHEET

As of 31 December

(in EUR million)	2025	2024	Change	% change
Goodwill and other intangible assets	4,068	4,187	(119)	(2.8)
Property, plant and equipment	3,161	3,424	(264)	(7.7)
Right-of-use assets	3,250	3,064	186	6.1
Investments accounted for using the equity method	0	11	(11)	(99.9)
Trade and other receivables	1,733	1,662	71	4.2
Deferred tax assets	669	604	64	10.7
Other financial assets	244	338	(93)	(27.7)
Other non-financial assets	876	867	9	1.1
Inventories	128	147	(19)	(12.7)
Cash and cash equivalents	232	402	(170)	(42.3)
Assets held for sale	27	–	27	>100
Total assets = Total equity and liabilities	14,387	14,705	(318)	(2.2)
Interest-bearing debt	806	1,245	(439)	(35.3)
Lease liabilities	3,129	3,008	121	4.0
Trade and other payables	2,603	2,821	(218)	(7.7)
Payables – Spectrum	891	797	94	11.7
Provisions	456	548	(91)	(16.7)
Other non-financial liabilities	54	35	18	51.1
Income tax liabilities	10	9	1	15.2
Contract liabilities	600	621	(20)	(3.3)
Deferred tax liabilities	316	269	47	17.6
Equity	5,523	5,354	168	3.1

Decrease in goodwill and other intangible assets

The decrease of EUR 119 million to EUR 4,068 million in financial year 2025 was mainly due to the amortisation of other intangible assets of EUR 682 million (previous year: EUR 767 million). This was partially offset by additions to other intangible assets of EUR 563 million (previous year: EUR 435 million), which mainly comprise investments in software and the frequency extension of spectrum licences.

Property, plant and equipment reduced

The reduction of property, plant and equipment by EUR 264 million to EUR 3,161 million was the result of lower investments with relatively constant depreciation. Additions declined to EUR 581 million (previous year: EUR 706 million) and relate almost exclusively to investments in the network for technical equipment. Depreciation remained relatively stable at EUR 750 million (previous year: EUR 759 million). The decline in property, plant and equipment is also due to a reduction in the asset retirement obligations of EUR 84 million, which mainly resulted from an adjustment in the interest rate and volume adjustments.

Right-of-use assets increased

The increase in right-of-use assets by EUR 186 million to EUR 3,250 million is due to higher additions of EUR 948 million (previous year: EUR 578 million), which were incurred in particular for right-of-use assets for technical equipment. This was offset by depreciation of right-of-use assets in the amount

of EUR 716 million (previous year: EUR 688 million), as well as disposals that have not yet been fully depreciated with a residual book value of EUR 45 million (previous year: EUR 29 million).

Investment ratio (CapEx/Sales ratio) down

Capital expenditure (CapEx) fell in financial year 2025 to EUR 964 million compared to EUR 1,141 million in 2024, mainly due to lower investment in the network. At the same time, revenues decreased by EUR 320 million from EUR 8,492 million in 2024 to EUR 8,172 million in financial year 2025. This is due in particular to the 1&1 customer migration and the associated decline in mobile business revenues. This thereby reduced the CapEx/Sales ratio to 11.8% (2024: 13.4%).

Investments accounted for using the equity method

The investments accounted for using the equity method amounting to EUR 0 million (previous year: EUR 11 million) comprise the investments made in Unsere Grüne Glasfaser (UGG), the fibre-optic companies formed in financial year 2020 by Telefónica Deutschland Group along with Telefónica Infra, S.L.U. and Allianz Group (>Chapter BUSINESS ACTIVITY). The decrease is the result of the loss of UGG, recognised on a pro rata basis, which increased sharply compared to the previous year.

Increase in trade and other receivables

Trade and other receivables increased by EUR 71 million to EUR 1,733 million. This resulted mainly from an increase in dealer and partner receivables, because fewer factoring transactions

were carried out. In contrast, O₂ My Handy receivables fell slightly due to the declining demand for high-end devices, as a result of a lower factoring volume, and to the usual fluctuations in operating activities. At the same time, receivables from affiliated companies and other receivables declined.

Decrease in other financial assets

The decline of EUR 93 million resulted primarily from the payment of the portion of the purchase price receivable due in 2025 for the sale of significant parts of the operations of the rooftop sites to Telxius in the amount of EUR 92 million.

Slight increase in other non-financial assets

The increase of EUR 9 million compared to the previous year is primarily due to a EUR 35 million increase in advance payments for taxes and a EUR 23 million increase in contract assets. In addition, the capitalised costs of obtaining contracts increased by EUR 18 million. In contrast, the advance payments for wholesale services in the network fell by EUR 66 million as a result of a contract changeover.

Decrease in cash and cash equivalents

This development is attributable to several factors that are presented in more detail in the [Chapter FINANCIAL POSITION](#).

Assets held for sale

As of 31 December 2025, one spectrum licence had been capitalised and reclassified from intangible assets not yet in use to assets held for sale, as the decision to sell had already been made in financial year 2025. As of 1 January 2026, the spectrum licence in the 2.6 GHz spectrum was transferred to 1&1 Group. The carrying amount of the licence was EUR 27 million as of 31 December 2025.

Interest-bearing debt down on previous year

The EUR 439 million decrease in interest-bearing debt compared to the previous year was due to the scheduled repayment of the bond issued by O2 Telefónica Deutschland Finanzierungs GmbH, Munich (EUR 600 million plus current interest of EUR 5 million) as well as the scheduled partial repayment of EIB loans in the amount of EUR 108 million and the scheduled partial repayment of promissory notes of EUR 54 million. In contrast, the credit line at Telfisa Global B.V. was drawn down several times during the year and EUR 329 million (previous year: EUR 0 million) had not been repaid by the reporting date.

Increase in lease liabilities

The EUR 121 million year-on-year increase in lease liabilities was mainly influenced by changes in present value totalling EUR 828 million, which were higher than the payments of lease liabilities in the amount of EUR 706 million.

Decrease in trade and other payables

The decline of EUR 218 million to EUR 2,603 million compared to the previous year is mainly due to fluctuations in the course of ordinary operating activities.

Payables – Spectrum

The payables arise mainly from the continuing payment obligations from the 2019 mobile spectrum auction and from the extension of the mobile frequencies in the 800 MHz, 1.8 GHz and 2.6 GHz ranges. The frequency extension led to an increase in spectrum-related payables of EUR 207 million. Taking into account instalment payments made, payables in the financial year increased by a total of EUR 94 million to EUR 891 million.

Provisions down year-on-year

Provisions decreased by EUR 91 million to EUR 456 million, mainly due to the EUR 88 million reduction in provisions for dismantling. The decrease was primarily due to an increase in the interest rate in the valuation. In addition, restructuring provisions decreased by EUR 9 million. Other provisions, meanwhile, developed in the opposite direction. They increased by EUR 4 million, mainly due to higher personnel provisions for partial retirement and provisions for other taxes. Pension provisions remained virtually constant.

Other non-financial liabilities increased

Other non-financial liabilities increased by EUR 18 million to EUR 54 million in the course of ordinary business activities in financial year 2025.

Increase in income tax liabilities

This item comprises tax positions for income tax totalling EUR 10 million (previous year: EUR 9 million). The increase of EUR 1 million compared to 31 December 2024 was mainly due to additions for uncertain income tax items in accordance with IFRIC 23.

Decrease in contract liabilities

Contract liabilities decreased to EUR 600 million in financial year 2025 (previous year: EUR 621 million). The decline results in particular from regular reversals, among other factors, in the context of the obligation from the payments received under the contract with an MVNO, which was classified as a contract liability.

Increase in deferred tax liabilities

The increase in deferred tax liabilities remaining after netting in financial year 2025 to EUR 316 million (previous year: EUR 269 million) was attributable to the update of taxable temporary differences. Among other things, these related to additional tax amortisation due to tax goodwill and the development of temporary differences. Furthermore, temporary differences that will likely only materialise in the long term were valued at lower tax rates due to the decision to reduce the corporate income tax rate in future by a total of 5 percentage points (1 percentage point per year from 2028 to 2032), resulting in a reduction in remaining deferred tax liabilities of EUR 40 million.

Equity impacted by profit for the period

The positive change in equity is attributable to the profit for the period of EUR 167 million and other comprehensive income/(loss) of EUR 1 million.

Report on Risks and Opportunities

Telefónica Deutschland Group anticipates opportunities that are important for achieving its strategic goals. To take advantage of these opportunities, however, the Company also has to take certain risks. Our risk management is designed to recognise these risks at an early stage and actively mitigate them.

Risk Management and Risk Reporting

Fundamental risk management principles

Every business activity involves risks that can prejudice the process of goal-setting and goal fulfilment. These risks arise from the uncertainty of future events – often due to insufficient information – and can result in objectives being missed. If risks are not recognised and dealt with, they can endanger the successful development of the Company. In order to respond appropriately to this fact, the Company's management has introduced a risk management process. This is intended to guarantee timely and complete transparency with regard to new risks or changes to existing risks.

Risk management is an integral part of the decision-making processes within Telefónica Deutschland Group. The procedure ensures that risk evaluations are taken into account in decision-making and measures to minimise and deal with risks are taken at an early stage. This is based on the evaluation, communication and management of risks by the Company's management. A lower limit for the recognition of risks is generally not set. The risk management department compiles the Company's Risk Register, which also covers the subsidiaries. As part of the creation of the Risk Register, it is ensured that risks of a similar type or of cumulative effect are aggregated and thus provided for overall consideration. In addition, this bottom-up approach, i.e. the identification of risks by the operating units, is complemented by a top-down approach in order to ensure a cross-business risk perspective. The purpose of the top-down approach is to identify risks at the highest management level or on the basis of a group-wide consideration, and to discuss with the operationally responsible units. This is intended to enable full classification and integrated management as well as the evaluation of relevance for future reporting. Risk management

is in continuous contact with all areas of the Company and our risk coordinators in order to continuously pursue and evaluate risks and their management and development. Responsible employees are trained individually in order to ensure a uniform, structured process of risk identification and evaluation. In addition, fundamental training is available to all employees in order to raise their general awareness of risk management.

Risks are evaluated with regard to their impact on our business goals from an operational and financial point of view. The Risk Register is supported by a database that contains all identified risks, their status, the measures already taken and defined action plans.

An overall risk profile is aggregated from identified risks to assess the extent to which the net assets, financial position and results of operations of the Company are at risk, which is then compared with the capacity to bear risk in a regular analysis.

In a formal forward-looking process, the Risk Register of Telefónica Deutschland Group is the subject of regular reporting to the Management Board. The Supervisory Board and the Audit Committee are regularly informed about risks and their development.

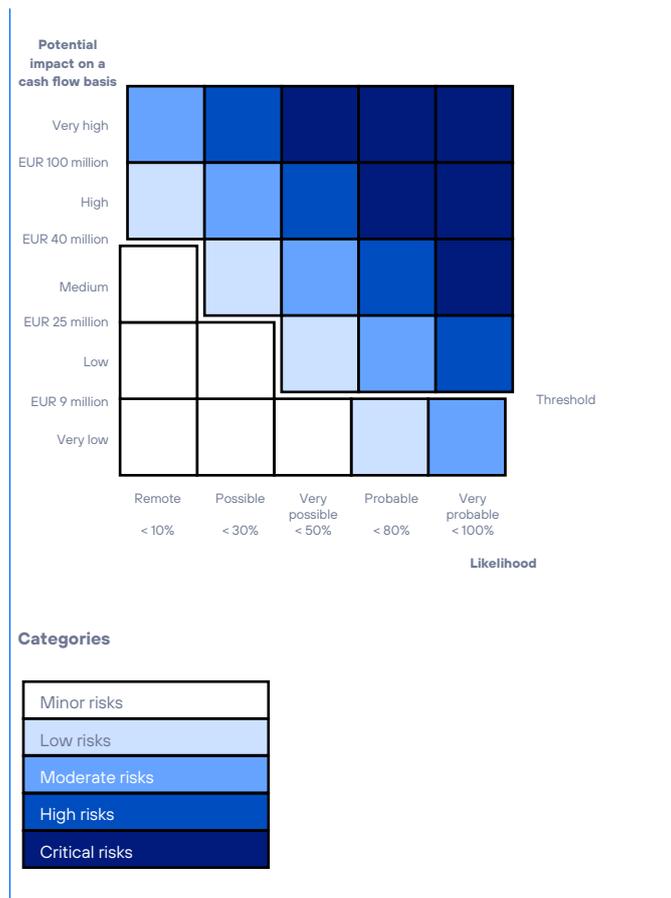
Opportunities are not recorded in the risk management system.

Risk evaluation

The following section illustrates the identified risks that can substantially impact our financial situation, our competitiveness or our ability to realise our objectives. They are presented in line with the net principle, i.e. risks are described and evaluated net of the risk mitigation measures performed.

To identify the risks illustrated in the following with material influence on business development, we use a 5x5 matrix as a starting point, within which the potential level of impact and the relevant likelihood of occurrence are each divided into five categories:

G 09 – RISK PROFILE



Based on the combination of the potential level of impact and the estimated likelihood of occurrence, the individual risks are divided into five categories (critical, high, moderate, low and minor risks).

Risks that have a very high potential level of impact of more than EUR 100 million and whose likelihood of occurrence is rated as at least “very possible” are considered critical. With a growing likelihood of occurrence, risks with a high or medium potential level of impact also fall into this category. As the likelihood of occurrence and level of impact decrease, the risks fall into the corresponding categories below.

Minor risks and all risks whose potential level of impact is estimated at less than EUR 9 million are not reported to the Management Board and therefore are not included in the risk summary in the following chapter. Such risks are identified, documented and administered by the relevant management levels as part of the risk management process. The threshold value for reporting risks is represented by the space in the matrix.

Our Group can be influenced by other or additional risks of which we are presently unaware or that we do not consider material based on the current state of knowledge. Moreover, the possibility cannot be precluded that risks currently evaluated as minor will change within the forecast period in such a way as to have a potentially greater effect than the risks currently evaluated as more material.

Risks

For internal use and reporting within the Group, risks are divided into business risks, operational risks and financial risks. This division also forms the basis of this section of the report. The risks are presented in the relevant category in the order of their rating.

Business risks

Competitive markets and changing customer demands

We operate in markets characterised by a high level of competition and continuous technological developments. Our Company faces increasing competition from alternative telecommunications service providers – among them cable operators, new network operators, MVNOs and consumer electronics companies – and also competes with alternative telecommunications services like OTT. There is the risk that our growth targets and planned revenues will not be reached. In order to prevail against these companies and developments, we must also continue to provide competitive services and successfully market our products in the future. In doing so, we systematically observe new customers’ needs, our competitors’ business activities, technological changes, and the general economic, political and social conditions and take them into account in our planning. We classify this risk as critical.

Geopolitical risks

Political conflict can influence our international trade relations and directly or indirectly impact both our supply chain and the economic environment. The current political tension between the various countries could also impact our relations with suppliers as a result of existing or future trade barriers.

The geopolitical situation is very volatile in several areas. We are monitoring the situation in the regions of Russia/Ukraine, the Middle East and China/Taiwan particularly closely. The greatest impact from current conflicts on our business is the influences on the supply chain for network technology and network towers. If certain network technologies, hardware, software or services were no longer to be available or permitted, the resulting follow-on costs could be enormous. Against the background of international conflicts, the ongoing projects on the use of critical components could also pose the risk that German authorities do not approve the usage of these components and we may not be able to carry out our network rollout as planned or face higher costs.

To counter this risk, we strive to avoid possible dependencies on individual suppliers and to hold appropriate inventories. We continue to observe and analyse the possible impact of international conflicts on our business activity. We classify this risk as critical.

Market acceptance and technological transformation

In an environment characterised by major technological transformation, there is the risk that we will not be able to anticipate and implement technical requirements and customers’ requirements in time. False interpretations or incorrect decisions could harbour the risk of negatively

influencing the acceptance of our products by customers and could lead to us not reaching our growth and earnings targets. We counter this low risk by monitoring our gross margin, churn rates and through extensive market research activities.

Brand and reputation

Unforeseeable, sustained and far-reaching negative reporting, particularly through media amplification in social networks, could have a negative impact on our reputation and brand image and thus lead to losses in sales and brand value. A lack of visibility for the brand and our products could also result in a loss of sales. The risk was re-evaluated on the basis of external benchmarking and references from Telefónica, S.A. Group. We classify this risk as low. We counter this risk with a reputation management system and the establishment of a reputation committee.

Regulatory environment

We operate in a strongly-regulated market environment. Decisions made by the regulatory authorities can directly and critically influence services, products and prices.

General regulatory influences

Our business activity is subject to significant influences and requirements by regulatory authorities. Any deviations in the interpretation of these requirements may result in fines and therefore have a negative effect on our financial position or reputation.

The regulatory authorities could take additional measures at any time in order to curtail tariffs and fixed or mobile termination rates even more. They could similarly oblige us to grant third parties access to our networks at reduced prices. A result of new roaming requirements could be that measures by regulatory authorities could negatively affect our business activity as well as our financial and earnings position. We classify this risk as high.

Regulatory requirements in connection with the acquisition of the E-Plus Group

In approving the acquisition of E-Plus Group, the European Commission obligated Telefónica Deutschland Group to meet various requirements. This includes an obligation to provide frequencies, infrastructure and network capacities to a potential new mobile network operator in exchange for payment. In fulfilment of the frequency part of this condition, Telefónica Deutschland Group agreed with the 1&1 Group to transfer 2 x 10 MHz in the frequency range at 2.6 GHz to the 1&1 Group until the end of the term at the end of 2025; in return, Telefónica Deutschland Group will receive an annual usage fee. The contract was approved by the EU Commission. To meet another requirement of the European Commission, we entered into extensive agreements with 1&1 Group in 2014 on the provision of network capacities and services. A corresponding national roaming agreement was concluded in May 2021. 1&1 Group has set the national roaming start date for 8 December 2023. An extensive project was launched by Telefónica Deutschland Group to ensure strict compliance with the contracts concluded and hence prevent the possibility of significant fines. We classify this risk as low. The agreements ended in 2025, so we expect the risk to become obsolete in 2026.

Operational risks

Reliability of our services

Attracting and retaining customers

The success of our business depends on our ability to retain existing customers and attract new ones. In an environment characterised by continuous further development of products, services and tariffs, but also by more consumer-friendly regulatory measures, we must also keep an eye on the performance of our network and that of our competitors. If our offers are not accepted on the market, we would lose out to our competitors in acquiring new customers. We counter this critical risk by intensively monitoring and evaluating customer satisfaction and the churn rates and by extensively monitoring our network elements.

Damage caused by cyber attacks

Cyber attacks on our network or our IT systems that are not detected or averted in good time could lead to disruptions or damage that could also affect our services and thus result in lost revenue and customer dissatisfaction. Against the backdrop of the war in Ukraine, the German Federal Office for Information Security has already issued a warning about the increase in cyber attacks on critical infrastructure operators. This is why we see an increased likelihood of cyber attacks. The availability and confidentiality of data that we process may be impacted by these attacks. In addition to reputational losses, legal consequences would also be possible, and we could be fined. We counter this risk by analysing and reducing vulnerabilities and focusing on an early warning system, which is ensured through the use of modern technologies for detecting anomalies and a 24/7 Cyber Fusion Centre. In addition, we are also constantly improving our systems for rectifying faults and establishing greater risk awareness among our employees with regard to cyber attacks. By establishing an Information Security Management System (ISMS), a corresponding security organisation and binding security controls, further measures have been implemented to deal with the risk. We classify this risk as critical.

Technical faults

Lasting or repeated disturbances or damages to our mobile telecommunications or fixed networks and in our technical facilities and systems could have a negative influence on customer satisfaction and result in a loss of customers or revenue losses. We implement extensive monitoring of our network elements and IT systems here, too. In addition, insurable risks are covered by our insurance programme. Comprehensive crisis and emergency management should enable the Company to continue its core business in the event of a disruption and then ensure the resumption of all business operations in order to achieve its corporate goals. Despite the continuous adjustment of the planned measures, the resumption of business operations could be delayed in the event of disruptions or failures. We consider this risk to be high because even minor faults can result in substantial losses in sales.

Supply chain disruptions

As a provider of mobile and fixed-network telecommunications services and products, we are dependent on a few main

suppliers in the same way as other companies in the industry. These suppliers provide us with important products and services that are primarily related to the IT and network infrastructure and mobile devices. If these suppliers do not provide or are unable to provide their products and services as expected, this could jeopardise the operation and expansion of the network and the sale of telecommunications products, which in turn could adversely affect our Company and earnings. The same applies if service providers to whom we award projects for reasons of efficiency do not perform the services in time or with the required quality. As part of our supplier management, we assess the quality of the services provided and any potential risks in this regard on a continuous basis. This allows us to identify weak points at an early stage and to counter them. We classify this risk as moderate.

Adjustments to increased ESG requirements

The reporting requirements from regulatory authorities, analysts, investors, customers and other stakeholders of Telefónica Deutschland Group regarding the responsibility for environmental protection, social responsibility and corporate governance (ESG – Environmental, Social, Governance) are increasing. At the same time we have examined our processes in regard to possible human rights violations that have arisen from activities of our suppliers or other business relationships. We classify this risk as low. To counter this risk, we have established an ESG risk management process and corresponding controls. We are also monitoring potential climate risks and do not currently expect any direct damage from climate change.

Development of customer base

Our sales strategy uses different sales channels for our products and services to further develop our customer base. If we fail to maintain or develop our sales channels and partnerships in different business models, or if we misinterpret our customers' channel preferences, this could affect our ability to maintain and grow our customer base. Even if we take measures and develop further alternative plans, these activities are subject to uncertainties regarding the timetable and successful implementation. We are addressing this low risk by continuously monitoring the sales channels and analysing market conditions to enable us to react quickly to changes.

Legal risks

As part of its business activity, Telefónica Deutschland Group is required to comply with a large number of laws. An infringement of legal provisions poses an intrinsic risk to the business activities, success and reputation of the Company.

Data privacy regulations

In the course of our business activities, we also collect and handle customer data and other personal data. There is the risk of misuse or loss of this data. This could represent a breach of the relevant laws and provisions and result in fines, loss of reputation and the migration of customers, and hence the loss of revenues. Against the backdrop of the "Schrems II" ruling by the European Court of Justice (ECJ) in particular, there are still uncertainties regarding data transfers to countries outside the EU or the European Economic Area (EEA). An adequacy decision for data transfers to the US was published by the EU

Commission in 2023 for companies certified under the EU-US Data Privacy Framework. However, this decision does not solve the problem for other countries outside the EU or the EEA. Furthermore, we do not know whether this decision will stand up to judicial review. We classify this risk as high.

Contractual relationships

Contractual penalties or claims could result from contracts with sales partners, suppliers and customers if we do not comply with our contractual or legal obligations or fail to meet agreed purchasing quantities, for example. We classify this risk as moderate.

Violation of customers' rights

Our customer relationships and the contractual terms arising from these relationships are monitored by consumer protection agencies on a continuous basis. Interpretations differing from the Company's viewpoint may result in these agencies regarding them as a violation of customers' rights and taking legal actions against us. This could negatively affect our business result or our reputation. We classify this risk as moderate.

In order to avoid legal risks, particularly from competition and data protection law, Telefónica Deutschland Group has established a compliance management system. Components of this management system include the applicable business principles, a number of guidelines and ongoing employee training with regard to the main legal provisions and standards, in particular also the General Data Protection Regulation and the topic of information security. In supplement, legal risks are covered by insurance to the extent permitted. Telefónica Deutschland Group also maintains an internal compliance and legal department, and enters into continuous contact with external law firms, authorities, associations and official groups.

Financial risks

Market interest rate

In the event of the use of financing lines with variable interest rates and when new financing is concluded, as well as, in particular, in the case of measures within the framework of our working capital management, we may be exposed to higher interest charges. Our bank and capital market financing operations that had been utilised as of 31 December 2025 were concluded solely with a fixed interest rate. In view of the easing of inflationary pressure and the interest rate cuts by central banks, we expect the interest burden to remain stable or decline slightly, and we classify the risk as low. We counter this risk through close monitoring and, if necessary, through financial hedging measures.

Overview of assessments of reported risks

T 10 – RISK OVERVIEW

Risk	Potential level of impact	Likelihood of occurrence	Assessment
Business risks			
Competitive markets and changing customer demands	Very high	Probable	Critical
Geopolitical risks	Very high	Very possible	Critical
Market acceptance and technological transformation	Medium	Possible	Low
Brand and reputation	Medium	Possible	Low
Regulatory environment			
General regulatory influences	High	Very possible	High
Regulatory requirements in connection with the acquisition of the E-Plus Group	High	Remote	Low
Operational risks			
Reliability of our services			
Attracting and retaining customers	High	Probable	Critical
Damage caused by cyber attacks	Very high	Probable	Critical
Technical faults	High	Very possible	High
Supply chain disruptions	High	Possible	Moderate
Adjustments to increased ESG requirements	Low	Very possible	Low
Development of customer base	High	Remote	Low
Legal risks			
Data privacy regulations	High	Very possible	High
Contractual relationships	Low	Probable	Moderate
Violation of customers' rights	Medium	Very possible	Moderate
Financial risks			
Higher market interest rates	Medium	Possible	Low

Risks from Financial Instruments

Telefónica Deutschland Group is exposed to various financial market risks as part of its business activity. In the context of the above-mentioned risk management process, these risks are regarded as low risks. Should these financial market risks occur, they could have a negative effect on the net assets, financial position and results of operations of the Group and are therefore presented individually below.

Telefónica Deutschland Group has developed guidelines for risk management processes and for the use of financial instruments including a clear separation of tasks with respect to financial activities, invoicing, financial reporting and associated controlling. Derivative financial instruments are to be used exclusively for the management of interest rate and currency risks and are only used when necessary. Telefónica Deutschland Group has developed guidelines derived from established standards for the evaluation of risks and monitoring with regard to the use of financial derivatives.

Market risk

Market risk is the risk that changes in market prices such as changes in exchange rates, interest rates and other price changes will affect the value of financial instruments or the earnings of Telefónica Deutschland Group.

Currency risk

The underlying currency of the financial reports of Telefónica Deutschland Group is the euro. All financial statements of all subsidiaries of Telefónica Deutschland Group are also prepared in euro; thus Telefónica Deutschland Group is not subject to any translation risk.

The regional focus of Telefónica Deutschland Group's activities means that the translation risk arising from the Group's business relationships with its suppliers or business partners in countries with a different national currency than the euro is not material. Because Telefónica Deutschland Group finances itself exclusively through internally generated cash in euro as well as euro-denominated equity and debt, there is also no exchange rate risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument could fluctuate as a result of changes in market interest rates. The Group manages its interest rate risk by basically seeking to ensure it has a balanced portfolio of fixed-interest and variable-interest financing instruments. The Group reserves the right to deviate from this principle in exceptional market situations. Where necessary, interest rate swaps are used in achieving this aim. Interest rate risks are managed as part of interest rate management.

Telefónica Deutschland Group is exposed to interest rate risks arising in particular from the variable-rate cash pooling accounts with Telfisa Global B.V. as well as in the form of opportunity costs in connection with the conclusion of fixed-rate debts, the interest rate of which may exceed market interest rates during the term. Due to the easing of inflationary pressure and the interest rate cuts implemented by the European Central Bank (ECB) and short-term interest rates once again being moderate we also consider the risk to be low. We counter this risk through close monitoring and, if necessary, through financial hedging measures.

Inflation risk

The inflation risk consists of the risk of a negative effect on the financial result as a result of an adverse change in the inflation rate for Telefónica Deutschland Group. Contractual receivables from the sale of significant parts of the business operations of the rooftop sites in the amount of EUR 92 million are subject to this risk.

Credit risk

Credit risk describes the risk of financial losses due to the inability of contractual partners to repay or service debts in accordance with the contract. The maximum credit risk of Telefónica Deutschland Group corresponds to the carrying amount of the financial assets.

Telefónica Deutschland Group considers the management of the commercial credit risk to be critical in order to achieve its goals for sustainable growth of the business and the customer base in harmony with its risk management guidelines. Suitable processes have been established for the management and the monitoring of the credit risk. These include the ongoing monitoring of the expected risks and the level of default. Particular attention is paid here to the customers, which could have significant effects on the Consolidated Financial Statements of Telefónica Deutschland Group. For these customers, credit management instruments such as credit insurance or collateral for limiting the default risk are used, depending on the business area and type of business relationship. To control credit risk, Telefónica Deutschland Group regularly conducts an analysis of the maturity structure of trade receivables and recognises adjustments for expected credit defaults on receivables.

Liquidity risk

Liquidity risk encompasses the risk that Telefónica Deutschland Group may be unable to sufficiently comply with its financial obligations. To safeguard liquidity, cash inflows and outflows are permanently monitored and centrally controlled on the basis of detailed financial planning. Telefónica Deutschland Group works on its liquidity management with Telefónica, S.A. Group and, in accordance with corporate policy, has concluded cash pooling and deposit agreements with Telfisa Global B.V., Netherlands. In addition to operating liquidity, the opportunities arising on the financial markets are continuously examined with a view to ensuring the financial flexibility of Telefónica Deutschland Group.

Opportunity Management

The consistent use of entrepreneurial opportunities with respect to future revenue and EBITDA potential, as well as their early and continuous identification, analysis and management, are significant tasks of the management of Telefónica Deutschland Group.

The opportunities and growth potential identified in the strategic goal-setting process are prioritised as part of an annual planning process in close cooperation with the individual business areas, and relevant strategic goals are derived from this. To measure the implementation, concrete objectives in the form of financial and non-financial key performance indicators are defined at the level of the organisation units.

Opportunity management is a significant component of the entire process for strategic goal setting. It takes place both as part of budget creation for the following financial year as well as within long-term planning.

Opportunities are neither recognised in the risk register nor quantified.

Opportunities

Increase in mobile data usage

A further increase in mobile data usage by customers could accelerate the demand for high-quality O₂ tariffs. A significant increase in demand for mobile data may result from several developments. Significant improvements in the availability of 5G through growing network coverage and the rising number of compatible mobile devices enable more customers to use high data transfer rates. The increased use of streaming and TV services may also further increase demand for data. These effects can lead to an increase in the average monthly data consumption per customer and thus further increase the demand for tariffs with larger data volumes. If these effects are more positive than expected, they could have a more positive impact on our revenues.

Moreover, a stronger increase in demand for convergent offerings and mobile bundled products, e.g. for families, could have a positive effect on average revenue per user as well as on customer loyalty, thus increasing revenues.

Expansion of our 5G coverage

The O₂ mobile network is of very high quality. For the sixth time in a row, the magazine "connect" rated the O₂ mobile network as "very good" in its renowned network test.²² Telefónica Deutschland Group is focusing on a consistent network expansion strategy with a focus on network densification in both urban and rural areas to further improve customer experience with 5G. Around 2,500 5G sites were rolled out in 2025, and Telefónica Deutschland Group covered around 99% of the population with 5G by the end of the year.²³ Telefónica Deutschland Group has thus successfully achieved its goal of almost nationwide population coverage by the end of 2025.

Within the business customer segment, 5G also lays the foundation for numerous new business models in areas such as campus networks, autonomous driving, virtual reality and the Internet of Things.

If the expansion of the 5G network proceeds faster than planned, or if the market reacts more positively to the network roll-out than previously anticipated, this could have a positive impact on our revenues and EBITDA.

Fixed-network cooperation agreements via various technologies

As an integrated telecommunications provider, Telefónica Deutschland Group provides not only comprehensive mobile telephony services but also fixed-network services, which are made possible by various cooperation agreements. Since 2013, we have been focusing on a nationwide strategic partnership with Telekom Deutschland GmbH ("Telekom"), through which we can offer our customers DSL products and, since November 2022, fibre-optic connections. In addition, cooperation agreements with cable providers expand our presence in the fixed-network market and also open up further growth opportunities (>Chapter BUSINESS ACTIVITY).

The cooperation with Vodafone Group gives us access to cable households in Germany and allows us to offer these O₂ fixed-network products, the majority with download speeds of up to 1 Gbps.²⁴ Through the cooperation agreement with Tele Columbus, Telefónica Deutschland Group also has long-term access to further households supplied with IP products by Tele Columbus via cable and fibre-optic networks. This agreement allows data speeds of up to 1 Gbps to be provided to customers.²⁵

As part of the joint venture of Telefónica Deutschland Group with Telefónica Infra, S.L.U. and Allianz Group, Telefónica Deutschland Group can offer more O₂ private and business customers high-performance fibre-to-the-home connections. Through Unsere Grüne Glasfaser GmbH & Co. KG, in which Telefónica Deutschland Group holds a 10% stake, we are further expanding the fibre-optic share of our fixed-network coverage.

If the availability of high-speed connections via our cooperation partners or via Unsere Grüne Glasfaser increases more significantly than planned, this could lead to stronger than expected demand for our fixed-network products and have a positive effect on our revenue.

In addition, Telefónica Deutschland Group's fixed-network cooperation agreements open up additional growth opportunities for us in the area of convergent offerings. Furthermore, the remuneration for our transport services for UGG could develop more positively than expected in the long term, depending on the progress of the expansion. To this end, a Transport Use Agreement with a minimum term of 15 years was concluded in January 2021 to enable synergies between the companies in the wholesale sector.

Digital innovation

In order to fully exploit our position in the German market for mobile telecommunications services and to monetise additional opportunities for growth, we have introduced innovative digital products and value added services. One example of this is our cloud-based B2B billing platform, which offers business customers fast billing, additional configurability and a high level of security. "O₂ Onlineschutz" (O₂ Online Protection), a digital shield that automatically blocks dangerous websites, as well as our own TV product, O₂ TV, based on Telefónica, S.A. Group's global TV platform, are further examples²⁶, as is our data centre offering, which provides customers with access to state-of-the-art data centres that meet the highest security standards and are fully compliant with the German Energy Efficiency Act (Gesetz zur Steigerung der Energieeffizienz in Deutschland – EnEFG). Telefónica Deutschland Group is also tapping into new digital market segments such as IoT for all its customer groups. Furthermore, we are developing new technologies based on mobile communications that allow Telefónica Deutschland Group to address customer needs in the best possible way. One example of this is network slicing, which enables users to use a virtual network that is precisely tailored to their individual needs.

In 2025, we again further expanded the potential of artificial intelligence (AI) in numerous areas of the company in order to improve quality, boost our efficiency and increase customer satisfaction. We have further expanded the use of AI for our network and capacity planning, and have also made significant

²² Source: connect mobile network and 5G network test, issue 01/2026: Overall rating "very good" (937 points) for O₂: overall, "very good" was awarded twice (937 points in both cases) and "outstanding" was awarded once (975 points).

²³ Source: Telefónica Deutschland Holding AG: Press release "O₂ Telefónica speeds up network expansion" (18 December 2025)

The selected population-based evaluation includes not only the household-based coverage calculation with a fixed location reference as reported to the German Federal Network Agency. It also includes commuter flows within the population, with the result that some of the population are counted both in their residences and in their workplaces (maximum population). In doing this, Telefónica Deutschland Group takes into account that the services are in demand not only at home but also when travelling. This value is the value for the end of 2025, which indicates the availability of mobile telecommunications services outside of buildings (outdoors).

²⁴ Source: Telefónica Deutschland Holding AG press release: "Gigabit speed for over 22 million cable households" (26 April 2022)

²⁵ The number of households that can be reached as part of the cooperations should not be considered cumulatively due to overlaps.

²⁶ Source: Telefónica Deutschland Holding AG press release: "O₂ Telefónica launches new B2B billing platform with MATRIX on Google Cloud" (2 March 2022), Telefónica Deutschland Holding AG press release: "O₂ launches its own TV product as an alternative to cable and satellite TV" (17 September 2024)

progress in operations as we move towards autonomous networks. In particular, the use of numerous additional AI agents and co-pilots to support operations as well as the use of a new generation of advanced machine learning models for capacity planning and the improved early detection of anomalies have helped us to place even more focus on customer needs and manage faults even more effectively, while also enabling budgets to be used in an even more targeted manner. AI applications also support our corporate strategy in key areas. With regard to cyber defence, AI helps us to recognise different attack patterns and continuously improve our security architecture. In terms of fraud management, it enables fraudulent activities to be identified at an early stage. We also utilise AI strategically for customer management: Our chatbots answer a large proportion of straightforward and recurring enquiries immediately and to the satisfaction of our customers, allowing our service employees more time to focus on providing individual advice. Furthermore, the use of AI in cross-selling and upselling enables us to personalise offers more accurately, as we have a better understanding of what is truly important to our customers. In addition, AI-assisted customer credit checks have been further developed to make real-time credit decisions for new and existing customers more accurate, fair and consistent. This has made it possible to improve acceptance rates and identify risks earlier. AI is also an opportunity to expand our customer offering in an innovative way. Since October 2025, for example, we have been offering our existing customers the opportunity to use ChatGPT Plus free of charge for several months through our cooperation with OpenAI. These four application scenarios help us to prevent fraud, continuously optimise our network and increase revenue. Without the use of AI, these goals would not be achievable with the same speed, consistency and quality.

If demand for our digital products and services or the use of AI applications exceeds current expectations, this could lead to higher revenue and cost savings.

Digitalisation of processes

We are moving ahead strongly with the digital transformation of our Company and the associated process optimisation. This makes interaction with customers simpler and more intuitive, since customers can, for example, use intuitive self-care offers or identify and buy the desired product more quickly. We are also using digital transformation to reduce, simplify and automate our processes. Our overall goal is to create a consistent customer experience across all contact points.

If the digital transformation of our Company can take place faster than expected and the customer response is even more positive than expected, this could lead to higher customer satisfaction, higher revenues and cost savings and thus increase our EBITDA.

Potential in the SME segment of the business customer market

Our planning focuses on the expansion of our still relatively small market share in the segment of SMEs. The size of this market segment makes it attractive for us, so that we expect to be able to win corresponding SME customers with lean, tailor-made mobile communications and fixed-network products and tap the resulting growth potential.

If our renewed and constantly growing product portfolio for business customers, with products such as O₂ Business Unlimited or O₂ Business Blue including 5G, meets the customer needs of small and medium-sized companies even better than expected, demand could be higher than anticipated.

Membership of Telefónica, S.A. Group

As part of one of the largest telecommunications corporations in the world, Telefónica Deutschland Group benefits from economies of scale in the areas of purchasing, cooperation and the development of digital products. Should these economies of scale develop better than currently expected, this could positively affect our EBITDA and our earnings position and lead to us exceeding our forecast.

Summary of the Risks and Opportunities

Based on our assessment, the risks with the greatest potential impact result from the intensive competition on the German telecommunications market and the related customer acquisition and retention, and from damage and disruptions that can arise from cyber attacks on our network or IT systems as well as from geopolitical conflicts.

A reassessment has shown that the effects of the risks "Licences and frequencies" and "Regulatory influences on our transmission power" are now classified as low. They therefore fall below the threshold and are no longer reported.

In our estimation, the situation regarding the significant risks and opportunities for Telefónica Deutschland Group has not changed substantially compared to the previous year, except for the items described above. We have not identified any risks at this time that could threaten the ability of the Group to continue as a going concern, either individually or in the aggregate.

In the coming financial year, we are confident that we will again be able to identify relevant risks at an early stage and take appropriate measures to counter them by continuing to implement the risk management approach applied to date.

We are also confident that our corporate strategy will enable us to exploit the market opportunities that present themselves to us and to deploy the necessary resources.

Report on Expected Developments

Economic Outlook ²⁷

The ifo Institute’s Economic Forecast Winter 2025 paints a picture of moderate growth for Germany in 2026. After two years of recession and slight growth of 0.2% in 2025, price-adjusted gross domestic product (GDP) is forecast to increase by 0.8% in 2026.

This development is mainly driven by a gradual recovery in industrial production, government spending and an increase in export demand. According to the Deutsche Bundesbank, there are already some initial signs of an increase in government orders. However, the expansionary spending stance will not bolster economic growth more significantly until later on in the year: Then additional defence and infrastructure spending will increase government demand. In addition, investment in private residential construction is expected to recover. Strongly rising wages and a gradual improvement in the labour market will underpin real income and thus consumption. Nevertheless, growth remains subdued, as structural challenges such as the transition to climate neutrality, digitalisation and risks in

the international environment such as trade conflicts and geopolitical uncertainties will continue to limit potential growth.

The labour market remains stable overall, but shows slight weaknesses. The ifo Institute expects the unemployment rate to remain unchanged at 6.3% in 2026. The reasons for this include the adjustment processes taking place in energy-intensive sectors and the weak overall economic growth. Despite this development, the employment situation remains robust and there is not expected to be any major disruption.

Inflation was 2.2% in 2025 and experts at the ifo Institute expect it to remain at this level in 2026, whereas core inflation excluding energy is expected to decrease from 2.6% in 2025 to 2.5% in 2026. Energy prices are expected to continue to fall and price increases in services are also expected to gradually slow down: A lower VAT rate came into effect in the catering sector in January 2026, and general wage increases are expected to slow in 2026. However, the sharp increase in the minimum wage in 2026 and 2027 will prevent a more significant decline in wage costs.

T 11 – GDP GROWTH 2024 – 2026 GERMANY (PRICE-ADJUSTED) ²⁸

In % compared to previous year	2024	2025	2026
Germany	(0.5)	0.2	0.8

Market Expectations ²⁹

Digitalisation is now an integral part of our everyday lives and will continue to gain in importance for consumers and commercial enterprises. In addition, the digital transformation is giving rise to new business models that are often dependent on telecommunications networks. These networks are crucial for the introduction of autonomous vehicles and virtual healthcare,

for example. However, due to their resource-intensive nature, they require dedicated bandwidth, security and network reliability. The expansion of the fibre-optic network and the 5G mobile communications standard therefore remains central to further digitalisation in Germany. According to the study “German Entertainment and Media Outlook (GEMO)”, total data traffic is expected to increase by a further 10% to 168 billion GB in 2026. The main drivers for the demand for broadband services include streaming, the use of especially video-intensive social

²⁷ Sources: ifo Institute: Press release “Joint Economic Forecast Autumn 2025: Fiscal Stimulus Masks Structural Weakness” (25 September 2025) and press release “ifo Institute Sees Growth in Germany of 0.8 Percent in 2026” (11 December 2025) and ifo Schnelldienst digital 2025, 6, No. 24: “ifo Economic Forecast Winter 2025: Structural Change has Germany Firmly in its Grip” (11 December 2025); German Bundesbank: Press release “Bundesbank’s Germany forecast: Economy gradually recovering again” (19 December 2025); Federal Statistical Office: Press release No. 017 “Gross domestic product up 0.2% in 2025” (15 January 2026)

²⁸ Sources: ifo Institute: Press release “ifo Institute Sees Growth in Germany of 0.8 Percent in 2026” (11 December 2025)

²⁹ Sources: Digital association Bitkom: Trend study “The Future of Consumer Technology 2025” (2 September 2025), press release “Breakthrough in artificial intelligence” (15 September 2025); PwC: German Entertainment and Media Outlook (GEMO) 2025-2029 (24 June 2025); Analysys Mason: Telco Forecasts Data Hub query (4 November 2025); Best Research: Press release on the study “Artificial intelligence is changing consumer behaviour” (10 July 2025)

networks and the increase in gaming. A Bitkom study also shows that technologies such as smart glasses, augmented reality/virtual reality glasses, voice assistants and streaming are firmly anchored in everyday life and are developing dynamically. Smart glasses are on the verge of breaking into the mass market. Voice assistants are developing into proactive aids supported by artificial intelligence (AI). In the video streaming sector, streaming overtook traditional TV for the first time in 2025, while AI is set to further accelerate the personalisation of streaming content. Gaming also remains a core area of digital culture and is increasingly being shaped by AI.

Analysys Mason estimates that a mobile customer's data consumption will increase by around 22% from 2025 to 2026 to 13.3 GB per month. The roll-out of fibre optics is also progressing. The aim of the German government's gigabit strategy was to triple the number of fibre-optic connections by the end of 2025, so that half of all households have a fibre-optic connection. According to Analysys Mason, the growth in the number of active fibre-optic connections will continue in 2026. The Internet of Things (IoT) and the smart networking of objects are now part of consumers' everyday lives and play an important role, especially in the transformation of companies and infrastructures. Analysys Mason expects IoT connections to increase by 13% to 58.7 million in 2026. This growth requires a robust telecommunications infrastructure to handle the increased data traffic and ensure seamless connectivity.

AI is fundamentally changing the economy and society. In recent months, AI has reached the breadth of the German economy, according to the Digital Association Bitkom. Around one in three companies (36%) now uses AI. This means that the share has almost doubled since just a year ago, when it was 20%. Eight in ten companies see AI as the most important technology for the future. Areas of application are primarily in customer contact, communication, production processes or even in the finance department. Telecommunications companies in particular use AI for intelligent network management, predictive maintenance and improved customer service. On the consumer side, the use of AI is also increasing and is changing online and purchasing behaviour, among other things. According to a study by Best Research, AI already plays an important role in the consumer context: 55% of respondents already use AI for consumer or purchase-related topics or research, and 26% even use AI to support the specific purchase decision.

The developments described above show that our need for data and digital services will continue to grow. Technologies that simplify our lives and make them safer also increase our need for more powerful networks and smarter data processing solutions. The digital infrastructure is thus a critical resource of the 21st century.

Financial Outlook 2026

Building on the solid momentum of recent years, Telefónica Deutschland Group in financial year 2026 continues to rely on its multi-brand and multi-channel strategy as well as its O₂ network³⁰, which has been rated "very good" for the sixth consecutive year. Postpaid remains the strongest value generator due to the high attractiveness of the core brand O₂, while in prepaid the prepaid-to-postpaid migration trend continues.

In the technology-agnostic O₂ Home portfolio, customer demand is increasingly focused on high-speed cable and fiber accesses, and Telefónica Deutschland Group is increasingly focussing on converged bundle products.

In an increasingly saturated German mobile and fixed-line market, Telefónica Deutschland Group expects a continuation of the highly competitive market environment in financial year 2026, while overall market structures remain intact.

Telefónica Deutschland Group's revenue and profitability development remains based on the unabated market success of its core brand O₂ as a key growth driver of mobile service revenues. Furthermore, as part of its "Connectivity+" strategy, the Group is increasingly addressing the business customer market with a digital service offering in the areas of cybersecurity, cloud, IoT, and campus networks.

However, Telefónica Deutschland Group expects that the 1&1 customer migration which was completed at the end of 2025 will continue to affect mobile service revenue development for financial year 2026 given the current market environment.

Revenues from mobile hardware remain subject to market dynamics such as longer replacement cycles and the timing of market launches and availability of new smartphones. Revenues from mobile hardware therefore remain volatile, with a largely neutral impact on the EBITDA margin development.

Fixed-line products complement Telefónica Deutschland Group's tariff portfolio and promote customer retention and loyalty as well as revenue growth. To this end, the Group is increasingly focusing on convergence and, thanks to its technology-agnostic approach to comprehensively meet customer needs.

To increase revenues and profitability and in-line with its "Transform & Grow" strategic plan, Telefónica Deutschland Group is also focusing on new and innovative business areas in the ecosystem of service applications, including music, video, and gaming apps, as well as financial services, cyber security, and cloud products. Telefónica Deutschland Group continues to drive forward its efficiency measures, focusing in particular on simplifying its business model and structural efficiency areas. The ambition is to return to sustainable, profitable growth after the annualisation of the impacts from the 1&1 customer migration over the course of 2026. Digitalization, artificial

³⁰ Source: connect mobile network and 5G network test, issue 01/2026: Overall rating "very good" (937 points) for O₂; overall, "very good" was awarded twice (937 points in both cases) and "outstanding" was awarded once (975 points).

intelligence, and process automation are essential elements of personalized customer relationships.

Digitalization also plays a key role in implementing the Telefónica Deutschland Group's ESG strategy to achieve its CO₂ neutrality targets as a contribution to combating climate change.

Telefónica Deutschland Group's main investment activities remains the consistent optimization of the O₂ network's high quality. Focus will be on network densification and further 5G expansion.

In summary, Telefónica Deutschland Group expects the following for the 2026 financial year:

- Revenues broadly stable year-on-year

- EBITDA adjusted for exceptional effects slightly negative year-on-year

- CapEx-to-sales ratio (C/S) of 10%–11%.

Telefónica Deutschland Group's assumptions are based on current economic conditions and current competitive dynamics.

At the same time, management continuously monitors and analyzes the impact of macroeconomic and geopolitical changes on the Group.

T 12 – FINANCIAL OUTLOOK FOR 2026

In % compared to previous year	Reference value 2025	Outlook for 2026
Revenues in EUR million	8,172	Broadly stable year-on-year
EBITDA adjusted for exceptional effects in EUR million	2,479	Slightly negative year-on-year
CapEx-to-sales ratio	11.8%	10% - 11%

Other Disclosures

Report on Relations with Affiliated Companies

In the period from 1 January to 31 December 2025, Telefónica Deutschland Holding AG was a directly dependent company of Telefónica Germany Holdings Limited, Slough, United Kingdom, within the meaning of Section 312 of the German Stock Corporation Act (Aktiengesetz – AktG). In addition, Telefónica Deutschland Holding AG was an indirectly dependent company of O2 (Europe) Limited, Slough, United Kingdom, and directly dependent on Telefónica Local Services GmbH, Ismaning, Germany, a direct wholly owned subsidiary of Telefónica, S.A., Madrid, Spain, within the meaning of Section 312 AktG. There is neither a domination agreement nor a profit and loss transfer agreement between Telefónica Deutschland Group and the aforementioned companies.

Accordingly, the Management Board of Telefónica Deutschland Holding AG has prepared a report on relations with affiliated companies in accordance with section 312 (1) AktG. This report includes the following final declaration:

“Our company has, regarding the legal transactions and measures listed in the dependency report and based on the circumstances which were known to us at the time at which the legal transactions were carried out or the measures were taken, received adequate compensation for each legal transaction and has not been disadvantaged because of measures being taken. No measures were refrained from during the reporting period.”

Business Development of Telefónica Deutschland Holding AG

The Annual Financial Statements of Telefónica Deutschland Holding AG were prepared in accordance with the provisions of the German Stock Corporation Act (AktG) and the German Commercial Code (HGB).

Telefónica Deutschland Holding AG acts as a holding company and as a service provider; it is responsible for the management and strategic approach of Telefónica Deutschland Group. As the parent company of Telefónica Deutschland Group, Telefónica Deutschland Holding AG has no relevant financial key performance indicators on its own. Telefónica Deutschland Holding AG is integrated into the management system of

Telefónica Deutschland Group and does not have any key performance indicators of its own.

Telefónica Deutschland Holding AG has been the controlling company for an extended group of controlled companies of the Telefónica Deutschland Holding AG fiscal unity for value-added tax (VAT) purposes.

As a shareholder of Telefónica Germany GmbH & Co. OHG, Telefónica Deutschland Holding AG is the taxable entity for corporate income tax purposes.

Results of Operations

T 13 – CONSOLIDATED INCOME STATEMENT

1 January to 31 December

(in EUR million)	2025	2024	Change	% change
Revenues	19	10	9	89.7
Other income	0	2	(1)	(77.7)
Operating expenses	(21)	(13)	(7)	56.3
Personnel expenses	(15)	(8)	(7)	78.2
Other operating expenses	(5)	(5)	(1)	16.8
Operating income	(1)	(1)	(0)	4.9
Financial result	0	(0)	0	(>100)
Profit/(loss) before tax	(1)	(2)	0	(18.5)
Income taxes	(0)	(10)	10	(98.2)
Profit/(loss) after tax	(2)	(12)	10	(86.7)
Profit/(loss) for the period	(2)	(12)	10	(86.7)

Telefónica Deutschland generates its revenues from compensation for services which it provides for its subsidiaries. In financial year 2025, the reimbursement costs resulted in revenues in the amount EUR 19 million.

In financial year 2025, revenues were 89.7% above the previous year's level, as more costs were passed on. Other income fell

by EUR 1 million in the financial year, while operating expenses increased by EUR 7 million. As a result, the operating income remained very constant at EUR -1 million. Expenses from income taxes, which were EUR 10 million lower than in the previous year, led to a much lower net loss of EUR 2 million for the financial year (previous year: EUR 12 million).

Revenues increased

In financial year 2025, revenues in the amount of EUR 19 million (2024: EUR 10 million) were generated. The revenues, at EUR 18 million, essentially comprised charging on the costs for the remuneration of Management Board members, reflecting the early departure of a Management Board member, and additional administration costs that are assumed by Telefónica Germany GmbH & Co. OHG in accordance with agreements. Furthermore, invoiced management services are included in the amount of EUR 120 thousand and EUR 174 thousand, which Telefónica Deutschland Holding AG provided for Telefónica Germany Management GmbH and Telefónica Germany GmbH & Co. OHG.

Personnel expenses rose

Personnel expenses comprise the remuneration of the Management Board including social security contributions and amounted to EUR 15 million in financial year 2025 (2024: EUR 8 million). The sharp increase was primarily due to

the formation of a provision for a departing member of the Management Board.

Other operating expenses at previous year's level

Other operating expenses were stable at EUR 5 million (2024: EUR 5 million).

Income taxes significantly below previous year's level

Income tax expenses of EUR 0 million (2024: EUR 10 million) consist of current corporate income tax expense including solidarity surcharge of EUR 1 million (2024: EUR 13 million) as well as offsetting income from tax refund claims of EUR 1 million (2024: EUR 3 million).

Loss for the period improved

The Company's loss for the period improved from around EUR 12 million in the previous year to around EUR 2 million in the reporting year. The development is mainly due to the decrease in income tax expense described above.

Financial Position and Net Assets

T 14 – BALANCE SHEET

As of 31 December

(in EUR million)	2025	2024	Change	% change
Fixed assets				
Financial assets				
Investments in affiliated companies	5,795	5,775	20	0.3
Current assets				
Receivables from affiliated companies	123	113	10	8.8
Other assets	29	19	11	57.2
Deferred income	0	0	(0)	(27.7)
Total assets	5,947	5,907	41	0.7
Equity	5,840	5,841	(2)	(0.0)
Provisions	21	15	6	43.7
Liabilities	86	51	36	70.4
Total equity and liabilities	5,947	5,907	41	0.7

Principles and goals of financial management

As a service provider, Telefónica Deutschland Holding AG is responsible for the management of Telefónica Deutschland Group. It mainly finances itself with equity and generates an operating cash flow from charging on these management services to Telefónica Germany GmbH & Co. OHG and Telefónica Germany Management GmbH. Furthermore, Telefónica Deutschland Holding AG is integrated into the Group-wide financial management of Telefónica Deutschland Group and is therefore able to fulfil its payment obligations at

all times. In this respect, the further information provided in the >Chapter FINANCIAL POSITION of the Group applies.

Bond for corporate financing

The bond issued in July 2018 by O2 Telefónica Deutschland Finanzierungs GmbH, Munich, with a nominal volume of EUR 600 million, was repaid as planned after the seven-year term on 5 July 2025.

The bond of O2 Telefónica Deutschland Finanzierungs GmbH was transferred to Telefónica Germany GmbH & Co. OHG as a loan and was likewise repaid.

Within the scope of the Group-wide financial management of Telefónica Deutschland Group, Telefónica Deutschland Holding AG guaranteed the punctual payment of interest, principal and any other additional amounts which were payable under the bond terms.

Investment projects

There are currently no extensive investments planned at the level of Telefónica Deutschland Holding AG.

Increase in financial assets

Investments in affiliated companies in the amount of EUR 5,795 million (2024: EUR 5,775 million) relate in the amount of EUR 5,759 million (2024: EUR 5,759 million) to the shares in Telefónica Germany GmbH & Co. OHG, Munich, of which the Company is the personally liable shareholder.

In addition, a carrying amount of EUR 35 million (2024: EUR 15 million) relates to the shares in Telefónica Germany Management GmbH, Munich. The increase resulted from an additional payment to the company's additional paid-in capital of EUR 20 million.

Increase in receivables from affiliated companies

The increase of EUR 10 million resulted on the one hand from the higher receivables from affiliated companies from the VAT group, rising from EUR 97 million in 2024 to EUR 102 million in the reporting year, and on the other hand from the increased receivables from the charging on of costs to OHG in the amount of EUR 10 million (2024: EUR 1 million). This was offset by the decline in cash pooling receivables from Telfisa Global B.V., Amsterdam from EUR 15 million in 2024 to EUR 11 million in the reporting year.

Increase in other assets

Other assets in the amount of EUR 29 million (2024: EUR 19 million) are almost entirely attributable to tax refund claims (EUR 29 million; 2024: EUR 19 million) in connection with advance tax payments made for income tax.

Increase in provisions

The increase in provisions from EUR 15 million in 2024 to EUR 21 million in the reporting year is mainly due to the EUR 6 million increase in personnel provisions in the financial year. This is due to the early departure of a member of the Management Board.

At EUR 4 million, pension provisions were at the previous year's level (2024: EUR 4 million). Tax provisions also remained very constant at EUR 5 million (2024: EUR 5 million).

Increase in liabilities

The increase in liabilities of EUR 36 million from EUR 51 million in the previous year to EUR 86 million in the reporting year was mainly due to the taking up of a loan with Telefónica Germany GmbH & Co. OHG in the amount of EUR 30 million. Other liabilities also increased by EUR 6 million to EUR 52 million (2024: EUR 46 million). The other liabilities of around EUR 52 million

(2024: EUR 46 million) relate almost exclusively to VAT liabilities, which the Company is required to pay to the tax authority as the controlling company of the VAT group.

Equity reduced

Equity decreased in financial year 2025 by EUR 2 million to EUR 5,840 million (2024: EUR 5,841 million). The change in equity resulted from the result for the period of EUR -2 million.

Telefónica Deutschland Holding AG had authorised capital 2021/I of EUR 1,487,277,496 as of 31 December 2025.

The share capital of Telefónica Deutschland Holding AG is conditionally increased by up to EUR 558,472,700 by issuing up to 558,472,700 new non-par value registered shares (Conditional Capital 2019/I). Conditional Capital 2019/I in the amount of up to EUR 558,472,700 was cancelled in financial year 2025 on the basis of the resolution of the Supervisory Board and the subsequent entry in the commercial register. As of the reporting date of 31 December 2025, there is no longer any conditional capital.

Employees

In financial year 2025, Telefónica Deutschland Holding AG had an average of 0 employees over the four quarters. The Company had no employees in 2024.

Risks and Opportunities

The business development of Telefónica Deutschland Holding AG is basically subject to the same risks and opportunities as that of Telefónica Deutschland Group. Telefónica Deutschland Holding AG in principle participates in the risks and opportunities of its subsidiaries and holdings corresponding to its respective ownership share.

Telefónica Deutschland Holding AG issued a letter of comfort, respectively, to Telefónica Germany GmbH & Co. OHG and Telefónica Germany Management GmbH in financial year 2016. In the event that a beneficiary company of the letter of comfort is unable to meet its liabilities falling due and other obligations towards creditors by the prescribed deadline, Telefónica Deutschland Holding AG will provide the beneficiary company with the financial means necessary to meet its liabilities that are due. The letters of comfort continue to be valid and may be terminated at the end of a financial year of the companies, subject to a notice period of six months.

On 21 January 2019, Telefónica Deutschland Holding AG also issued a letter of comfort for Telefónica Germany GmbH & Co. OHG with a term until 31 December 2040. As part of this agreement, Telefónica Deutschland Holding AG undertakes to ensure, without restriction and until 31 December 2040, that Telefónica Germany GmbH & Co. OHG has access to all funds required to fulfil a bid submitted for the acquisition of a frequency in the auction procedure.

The letters of comfort do not significantly change the economic substance of the opportunities and risks. The Management Board considers the risk of claims arising from contingent liabilities as low on the basis of the good creditworthiness of Telefónica Deutschland Group, including Telefónica Germany GmbH & Co. OHG, which is also confirmed by external rating agencies.

For further information, please see the [>Chapter REPORT ON RISKS AND OPPORTUNITIES](#).

Telefónica Deutschland Holding AG, as the parent company of Telefónica Deutschland Group, is integrated in the Group-wide risk management system. For further information, please see the [>Chapter RISK MANAGEMENT AND RISK REPORTING](#).

Outlook for 2026

Telefónica Deutschland Holding AG functions as a management and holding company. The long-term future business development is therefore crucially based on the development of the operating companies of Telefónica Deutschland Group, particularly Telefónica Germany GmbH & Co. OHG. With regard to the financial and market development, as well as the expected development of important key figures at Telefónica Deutschland Group level, we refer to the [>Chapter REPORT ON EXPECTED DEVELOPMENTS](#).

Management declaration in accordance with the corporate governance declaration pursuant to Section 289f HGB

This management declaration of Telefónica Deutschland Holding AG is based on Section 289f of the German Commercial Code (HGB) in the version applicable at the time the declaration was issued. Following the revocation of the stock exchange listing at the end of 18 April 2024, the management declaration now only covers the mandatory content in accordance with Section 289f (4), (2) no. 4 HGB.

The Management Board consisted of seven members in the reporting period. Following the discontinuation of the applicability of Section 76 (3a) AktG, the Supervisory Board set a target figure for the proportion of women on the Management Board in accordance with Section 111 (5) AktG of two out of seven, to be achieved by 31 July 2026. This quota was met by the female members Valentina Daiber and Nicole Gerhardt throughout the entire financial year.

The Supervisory Board consisted of 16 members in the reporting period. Following the discontinuation of the applicability of Section 96 (2) AktG, the Supervisory Board has set a minimum gender quota of five women and five men for its composition, to be achieved by 2028 at the latest. This quota was met throughout the entire financial year by the five female members Yasmin Fahimi, María García-Legaz, Cansever Heil, Stefanie Oeschger and Barbara Rothfuß.

Munich, 18 February 2026

Telefónica Deutschland Holding AG

The Management Board



Santiago Argelich Hesse



Markus Rolle



Valentina Daiber



Nicole Gerhardt



Andreas Laukenmann



Alfons Lösing



Mallik Rao

Consolidated Financial Statements

for Financial Year 2025

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Consolidated Balance Sheet

Assets (in EUR million)	Notes	As of 31 December 2025	As of 31 December 2024
A) Non-current assets		11,722	12,018
Goodwill	[5.1]	1,360	1,360
Other intangible assets	[5.2]	2,708	2,826
Property, plant and equipment	[5.3]	3,161	3,424
Right-of-use assets	[5.4]	3,250	3,064
Investments accounted for using the equity method	[10]	0	11
Trade and other receivables	[5.5]	198	200
Other financial assets	[5.6]	146	230
Other non-financial assets	[5.7]	230	298
Deferred tax assets	[6.7]	669	604
B) Current assets		2,665	2,687
Inventories	[5.8]	128	147
Trade and other receivables	[5.5]	1,534	1,463
Other financial assets	[5.6]	98	107
Other non-financial assets	[5.7]	646	568
Cash and cash equivalents	[5.9]	232	402
Assets held for sale	[5.2]	27	-
Total assets (A+B)		14,387	14,705

Equity and liabilities (in EUR million)	Notes	As of 31 December 2025	As of 31 December 2024
A) Equity		5,523	5,354
Subscribed capital	[5.10]	2,975	2,975
Additional paid-in capital	[5.10]	2,836	2,836
Retained earnings		(288)	(456)
Total equity attributable to owners of the parent company		5,523	5,354
B) Non-current liabilities		4,401	4,428
Interest-bearing debt	[5.11]	387	474
Lease liabilities	[5.12]	2,467	2,401
Trade and other payables	[5.13]	34	20
Payables – Spectrum	[5.14]	708	690
Provisions	[5.15]	420	509
Contract liabilities	[5.13]	69	66
Deferred tax liabilities	[6.7]	316	269
C) Current liabilities		4,464	4,924
Interest-bearing debt	[5.11]	419	771
Lease liabilities	[5.12]	662	606
Trade and other payables	[5.13]	2,569	2,801
Payables – Spectrum	[5.14]	183	107
Provisions	[5.15]	36	39
Other non-financial liabilities	[5.7]	54	35
Income tax liabilities	[6.7]	10	9
Contract liabilities	[5.13]	531	555
Total equity and liabilities (A+B+C)		14,387	14,705

Consolidated Income Statement

1 January to 31 December

(in EUR million)	Notes	2025	2024
Revenues	[6.1]	8,172	8,492
Other income	[6.2]	222	192
Supplies		(2,584)	(2,588)
Personnel expenses	[6.3]	(718)	(700)
Impairment losses in accordance with IFRS 9	[5.5]	(92)	(93)
Other expenses	[6.4]	(2,520)	(2,582)
Operating income before depreciation and amortisation (EBITDA)		2,480	2,719
Depreciation and amortisation	[6.5]	(2,148)	(2,214)
Operating income		332	505
Finance income		19	23
Finance costs		(172)	(181)
Exchange differences*		1	(1)
Financial result	[6.6]	(152)	(159)
Result from investments accounted for using the equity method	[10]	(28)	(16)
Profit/(loss) before tax		152	330
Income taxes	[6.7]	15	6
Profit/(loss) for the period		167	336
Profit/(loss) for the period attributable to owners of the parent company		167	336
Earnings per share	[7]		
Basic earnings per share in EUR		0.06	0.11
Diluted earnings per share in EUR		0.06	0.11
Weighted average number of ordinary shares issued (in million units)		2,975	2,975

*In financial year 2024, exchange differences were still reported separately with exchange gains of EUR 1 million and exchange losses of EUR -1 million.

Consolidated Statement of Comprehensive Income

1 January to 31 December

(in EUR million)

	Notes	2025	2024
Profit/(loss) for the period		167	336
Items that will not be reclassified to profit/(loss)			
Remeasurement of benefits after termination of employment	[5.15]	7	19
Income tax impact	[6.7]	(4)	(6)
Share in other comprehensive income of investments accounted for using the equity method	[10]	(2)	(2)
Income tax impact	[6.7]	1	1
Items that will be reclassified to profit/(loss)			
Change in the fair value of financial instruments measured at fair value through other comprehensive income	[5.5]	(0)	9
Income tax impact	[6.7]	(0)	(3)
Other comprehensive income/(loss)		1	18
Total comprehensive income/(loss)		168	354
Total comprehensive income/(loss) attributable to owners of the parent company		168	354

Consolidated Statement of Changes in Equity

(in EUR million)	Notes	Subscribed capital	Additional paid-in capital	Retained earnings	Total equity attributable to owners of the parent company	Equity
Financial position as of 1 January 2024		2,975	2,836	(275)	5,535	5,535
Profit/(loss) for the period		–	–	336	336	336
Other comprehensive income/(loss)		–	–	18	18	18
Total comprehensive income/(loss)		–	–	354	354	354
Dividends	[5.10]	–	–	(535)	(535)	(535)
Financial position as of 31 December 2024		2,975	2,836	(456)	5,354	5,354
Financial position as of 1 January 2025		2,975	2,836	(456)	5,354	5,354
Profit/(loss) for the period		–	–	167	167	167
Other comprehensive income/(loss)		–	–	1	1	1
Total comprehensive income/(loss)		–	–	168	168	168
Financial position as of 31 December 2025		2,975	2,836	(288)	5,523	5,523

Consolidated Statement of Cash Flows

1 January to 31 December

(in EUR million)

	Notes	2025	2024
Cash flow from operating activities			
Profit/(loss) for the period		167	336
Adjustments to profit/(loss)			
Financial result	[6.6]	152	159
Result from the disposal of assets		(6)	3
Income taxes	[6.7]	(15)	(6)
Depreciation and amortisation	[6.5]	2,148	2,214
Result from investments accounted for using the equity method		28	16
Other non-cash expenses/income		0	0
Change in working capital and others			
Other non-current assets	[5.5], [5.6], [5.7]	81	228
Other current assets	[5.5], [5.6], [5.7], [5.8]	(183)	(121)
Other non-current liabilities and provisions	[5.13], [5.15]	(7)	(31)
Other current liabilities and provisions	[5.13], [5.15]	(130)	(148)
Other			
Taxes paid		(25)	(38)
Interest received		16	56
Interest paid		(157)	(155)
Cash flow from operating activities		2,068	2,513
Cash flow from investing activities			
Proceeds from disposals of property, plant and equipment and intangible assets		12	5
Payments on investments in property, plant and equipment and intangible assets	[5.2], [5.3]	(1,074)	(1,155)
Proceeds from disposal of companies		88	48
Payments for investments in associated companies		(18)	(18)
Proceeds from financial assets		12	3
Cash flow from investing activities		(982)	(1,117)
Cash flow from financing activities			
Repayments of lease liabilities	[5.11]	(706)	(660)
Payments made relating to spectrum auctions	[5.14]	(108)	(108)
Proceeds from interest-bearing debt	[5.11]	2,350	2,244
Repayments of interest-bearing debt	[5.11]	(2,783)	(2,520)
Dividends paid		-	(535)
Other payments made relating to financing activities		(8)	-
Proceeds relating to financing activities		-	2
Cash flow from financing activities		(1,256)	(1,578)
Net increase/(decrease) in cash and cash equivalents		(170)	(182)
Cash and cash equivalents at the beginning of the period	[5.9]	402	584
Cash and cash equivalents at the end of the period	[5.9]	232	402

Notes to the Consolidated Financial Statements

for Financial Year 2025

1. Reporting Entity

The Consolidated Financial Statements of Telefónica Deutschland Holding AG have been prepared as of and for the year ending 31 December 2025 and comprise Telefónica Deutschland Holding AG (also referred to as "Telefónica Deutschland" or the "Company") and its subsidiaries as well as joint operations (together referred to as the "Telefónica Deutschland Group" or the "Group") and associated companies.

Telefónica Deutschland Holding AG is a stock corporation (AG) under German law. The listing on the regulated market of the Frankfurt Stock Exchange ended at midnight on 18 April 2024.

As of 31 December 2025, approximately 3.15% of the shares were in free float. 69.22% were held by Telefónica Germany Holdings Limited, Slough, United Kingdom (Telefónica Germany Holdings Limited), an indirect wholly owned subsidiary of Telefónica, S.A., Madrid, Spain (Telefónica, S.A.). In addition, approximately 27.63% was held by Telefónica Local Services GmbH, Ismaning, Germany, a direct wholly owned subsidiary of Telefónica, S.A.

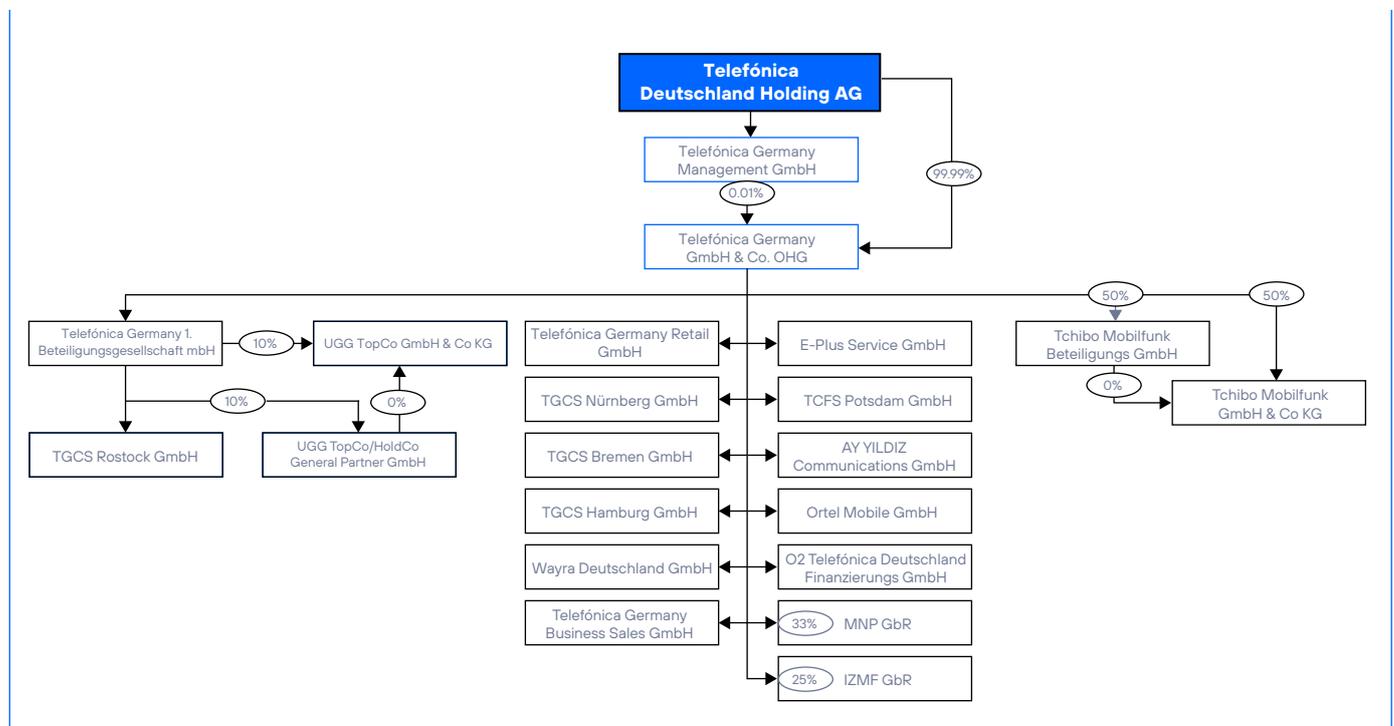
The company's name is "Telefónica Deutschland Holding AG". The company's registered office is located in Munich, Germany. Telefónica Deutschland Holding AG is registered in the commercial register of the local court in Munich under registration number HRB 201055. The company's business

address is Georg-Brauchle-Ring 50, 80992 Munich, Germany (telephone number: +49 (0)89 2442-0; www.telefonica.de). Telefónica Deutschland Holding AG was established for an indefinite period.

The financial year is the calendar year (1 January to 31 December).

Telefónica Deutschland Group is one of four network operators in Germany. Telefónica Deutschland Group offers mobile and fixed-network services for business and private customers as well as innovative digital products and services. Furthermore, numerous wholesale partners purchase extensive mobile services from Telefónica Deutschland Group. Wholesale partners are offered access to the Group's infrastructure and services. Telefónica Deutschland Group is part of Telefónica S.A. Group, a leading international telecommunications corporation with a focus on Europe and Latin America. The Consolidated Financial Statements of Telefónica, S.A. have been published on the Group's website.

As of 31 December 2025, the companies included in the Consolidated Financial Statements of Telefónica Deutschland Group were organised as shown in the following organisation chart:



Unless stated otherwise, the ownership interests amount to 100%.

Further information on shareholdings, the ownership structure and Group companies can be found in >Chapter 9 LIST OF SHAREHOLDINGS AND CHANGES IN THE GROUP STRUCTURE.

2. Basis of Preparation

The Consolidated Financial Statements were voluntarily prepared in full compliance with the IFRS adopted by the European Union (EU), whereby the supplementary provisions of commercial law pursuant to Section 315e (1) in conjunction with para. 3 sentence 2 HGB were applied.

The accounting policies applied in the published Consolidated Financial Statements for the previous year have also been applied to these Consolidated Financial Statements as of 31 December 2025. Exceptions to this are amendments to the IFRS and valuation changes as presented in >Chapter 3.1 CHANGES IN ACCOUNTING STANDARDS; PUBLISHED AMENDMENTS REQUIRING MANDATORY APPLICATION.

The Management Board approved the Consolidated Financial Statements of Telefónica Deutschland Holding AG for publication and submission to the Supervisory Board on 18 February 2026.

Unless stated otherwise, the figures in these Consolidated Financial Statements are presented in million of euro (in EUR million) and rounded according to established commercial principles. Therefore, recalculations may slightly differ from the totals shown in the tables. Absolute amounts below EUR 500,000 are presented as "0" or "(0)" depending on whether a plus or minus sign appears before it. A nil notification using "-" is indicated for items that do not have a value.

When preparing the Consolidated Financial Statements of Telefónica Deutschland Holding AG in accordance with IFRS, assumptions must also be made in some cases that may have an effect on the valuation of the assets and liabilities recognised in the Balance Sheet as well as on the amount of expenses and income.

Key assumptions concerning the future and other relevant sources of uncertainty in estimates at the reporting date that could have a material impact on the Consolidated Financial Statements within the next financial years are disclosed in the Notes to the respective items of the Balance Sheet or Income Statement (see >Chapter 5 SELECTED NOTES TO THE CONSOLIDATED BALANCE SHEET, and >Chapter 6 SELECTED EXPLANATORY NOTES TO THE CONSOLIDATED INCOME STATEMENT). The estimates and underlying assumptions are based on the knowledge currently available to management and are accordingly derived from factors that are considered relevant, such as historical experience.

Unforeseeable developments outside management's control may cause actual amounts to differ from the original estimates. In this case, the assumptions made and, if necessary, the carrying amounts of the pertinent assets and liabilities will be adjusted accordingly.

3. Changes in Accounting Standards

3.1. Published and mandatory amendments

The standards that are mandatory for the first time in the EU as of 1 January 2025 are listed below. They had no material impact on the Consolidated Financial Statements.

Standards, interpretations and amendments	Description	Mandatory application for financial years beginning on or after
IAS 21	Lack of exchangeability	1 January 2025

3.2. Published amendments not yet applicable

The standards and interpretations presented below have been adopted by the IASB, but their application is not yet mandatory at the date of publication of the 2025 Consolidated Financial Statements.

Telefónica Deutschland Group expects to adopt all required relevant amendments. The effects of the first-time application of IFRS 18 are still being analysed. The amendments in respect of contracts referencing nature-dependent electricity are relevant for the Group, but their initial application does not have any impact on the net assets, financial position or results of operations. The Group does not expect the other amendments to have a material impact on the net assets, financial position and results of operations as a result of the application of future standards, interpretations and amendments either.

Standards, interpretations and amendments	Description	Mandatory application for financial years beginning on or after
Amendments to IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	1 January 2026
Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments	1 January 2026
Annual Improvements Volume 11	Improvements to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	1 January 2026
IFRS 18	Presentation and Disclosure in financial reports	1 January 2027 ¹
IFRS 19	Subsidiaries without public accountability obligations (reduced disclosure obligations)	1 January 2027 ¹
Amendments to IFRS 19	Supplementary information for subsidiaries without public accountability (update of the new standard)	1 January 2027 ¹

¹ Endorsement by EU still outstanding, information for first-time application under IASB.

4. General Accounting Policies

4.1. Consolidation methods

The consolidation methods applied are as follows:

- Full consolidation method for companies where Telefónica Deutschland Group has control. Control is assumed if Telefónica Deutschland Group has power over an investee and is exposed to variable returns or has rights to these returns. In addition, the ability must exist to use its power over the investee to affect the returns.
- Proportionate consolidation of the attributable assets, liabilities, expenses and income for joint operations, so that the corresponding share of total assets, liabilities, expenses, income and cash flows of these companies is integrated in the corresponding items in the Consolidated Financial Statements.
- Consolidation using the equity method for companies over which Telefónica Deutschland Group can exercise significant influence and which are neither subsidiaries nor joint ventures.

All material receivables and liabilities and transactions between the consolidated companies are eliminated in consolidation. The returns generated in transactions involving goods that may be capitalised or services by subsidiaries with other Telefónica Deutschland Group companies are also eliminated in consolidation.

The financial statements of the consolidated companies are prepared using the same accounting policies and have the same financial year-end as the parent company's individual financial statements. In the case of Group companies whose accounting and valuation methods differ from those of Telefónica Deutschland Group, adjustments are made in consolidation in order to present the Consolidated Financial Statements.

The Consolidated Income Statement and Consolidated Statement of Cash Flows include the income and expenses as well as the cash flows of companies that are no longer in Telefónica Deutschland Group up to the date on which the related investment was sold or the company was liquidated.

Income and expenses as well as the cash flows of new Group companies are included from the date on which the investment was acquired or the company was established until the end of the year.

Subsidiaries

Subsidiaries are companies where Telefónica Deutschland Group has control. Control is assumed if Telefónica Deutschland Group has power over an investee and is exposed to variable returns or has rights to these returns. In addition, the ability must exist to use its power over the investee to affect the returns. The existence and effect of substantial potential voting rights that may be currently exercised or converted, including potential voting rights held by other Group entities, are considered in assessing whether an entity is controlled.

All subsidiaries are included in the Consolidated Financial Statements (see >Chapter 1 REPORTING ENTITY) unless they are considered immaterial individually and cumulatively.

Company acquisitions

Business combinations are accounted for in accordance with the acquisition method. The costs of an acquisition are measured according to the fair values of the assets transferred and the liabilities incurred or assumed on the acquisition date.

Transaction costs are recognised in other expenses at the date they are incurred. Telefónica Deutschland Group recognises identifiable assets acquired in a business combination and the liabilities assumed, including contingent liabilities, at fair value at the acquisition date.

Joint operations

TCHIBO Mobilfunk Beteiligungs-GmbH and TCHIBO Mobilfunk GmbH & Co. KG were classified as joint operations under application of IFRS 11.17, taking into account the specific facts and circumstances. In particular, the fact that the contractual partners have rights to the entire production output generated by both companies supports our assessment that the arrangement constitutes a joint operation.

Associated companies

Investments in UGG TopCo GmbH & Co. KG and UGG TopCo/ HoldCo General Partner GmbH were classified as associated companies under application of IAS 28.6, taking into account the specific facts and circumstances. We have based our assessment that Telefónica Deutschland Group exercises significant influence on the operational and financial policies on the fact that Telefónica Deutschland Group enters into material business transactions with the companies and is involved in the relevant decision-making processes.

Currency translation

The Consolidated Financial Statements are presented in euro, which is the functional currency of Telefónica Deutschland Holding AG and its subsidiaries.

4.2. Significant accounting policies

Goodwill

For business combinations, goodwill represents the excess of acquisition costs over the fair values of identifiable assets acquired and liabilities assumed at the acquisition date. Cost of acquisition is the sum of the fair value of consideration transferred and the value attributed to existing non-controlling interests. For each business combination, Telefónica Deutschland Group determines the value of non-controlling interests at either their fair value or their proportional part of the net identifiable assets acquired.

Subsequent expenditures on internally generated goodwill are recognised in the Consolidated Income Statement as incurred.

After initial measurement, goodwill is carried less any accumulated impairment losses.

Goodwill is not amortised on a scheduled basis but must be reviewed for impairment annually. In addition, an impairment test is carried out if events or circumstances indicate that the carrying amount is higher than the recoverable amount (see >Chapter 5.1 GOODWILL).

Other intangible assets

Other intangible assets are carried at cost, less any accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only for existing other intangible assets if it increases the future economic benefit embodied in the asset to which it relates. Expenditures on brands are recognised in the Consolidated Income Statement as incurred.

Costs include external and internal costs which are composed of acquired assets and services as well as own work capitalised. This is recognised in other income.

Borrowing costs within the scope of IAS 23 that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a component of the cost of the respective asset.

The useful lives of other intangible assets either finite or indefinite are determined individually. Telefónica Deutschland Group has not recognised other intangible assets with indefinite useful lives. Other intangible assets with finite useful lives are amortised on a scheduled basis over the economic useful life and are assessed for impairment if events or circumstances indicate that their carrying amount may not be recoverable. Other intangible assets that are not yet available for use are also tested for impairment annually. Residual values of assets, useful lives and amortisation methods are reviewed annually at year-end and, when appropriate, adjusted.

Licences

This asset primarily includes acquisition costs for mobile frequency licences for the provision of telecommunications services. Capitalisation takes place either in connection with a grant by a public authority or in the context of an acquisition of a company. The mobile frequency licences represent a qualifying asset within the meaning of IAS 23. These mobile frequency licences and the corresponding network are reported under intangible assets not yet in use until the network is completed and the frequencies are therefore fully usable.

These frequency licences are amortised on a straight-line basis over the life of the respective frequency blocks once commercial exploitation begins.

Customer bases

This category is for customer relationships which were acquired through company transactions, and therefore capitalised. They are amortised on a straight-line basis over the estimated duration of the customer relationship.

Software

Software is recognised at cost and is amortised on a straight-line basis over its useful life.

Brand names

This category is for brand names which were acquired through company transactions, and hence were capitalised. Brand names are amortised on a straight-line basis over the period of their expected economic use.

Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Land is not depreciated.

Costs include external and internal costs which are composed of acquired capital goods and services as well as own work capitalised. This is recognised in other income.

Costs include also, where appropriate, the estimate of the costs at initial recognition for dismantling and removing the item and restoring the site on which it is located to the extent that the entity incurs the obligation either when the item is acquired or as a consequence of having used it. Any corresponding valuation changes in subsequent years are allocated to the respective asset.

The costs of expansion, modernisation or improvement leading to increased productivity, capacity and efficiency or to an extension of the useful lives of assets are capitalised if the recognition criteria are met.

Investment grants in the form of government assistance as defined by IAS 20 are recognised as soon as there is reasonable assurance that Telefónica Deutschland Group will comply with the conditions attached to the assistance and the assistance will be received in full. In accordance with IAS 20, grants relating to property, plant and equipment are recognised as a reduction in cost, while grants relating to income are recognised as a reduction in expenses.

Repair and maintenance costs are expensed as incurred.

Telefónica Deutschland Group depreciates its property, plant and equipment once they are in full working condition using the straight-line method based on the estimated useful lives of the assets. The estimated residual values of assets and depreciation methods are also regularly reviewed and, where appropriate, adjusted at each financial year-end.

Leases

Accounting as lessee

According to the regulations of IFRS 16, all contracts identified as leases must be accounted for by the lessee in such a way that a right-of-use asset and a lease liability are to be recognised.

A lease is defined as a contract whereby an identified asset is made available to the lessee in exchange for consideration for a specified period of time and the lessee has the right during this period to obtain substantially all the benefits of its use and to determine the nature and purpose of its use. When determining the lease term besides the fixed contract term, termination and extension options are taken into account if reasonably certain. This assessment includes all relevant facts and circumstances as well as information on the asset classes customary in the industry that create an economic incentive to exercise or not exercise a cancellation and extension option. In particular, Telefónica Deutschland Group assesses this information in the context of the strategic planning period.

Using the interest rate implicit in the lease, the present value of the lease payments that are not paid is to be recognised as a lease liability. If the implicit interest rate cannot be readily determined from a contract, the risk- and maturity-equivalent incremental borrowing rate is applied. The present value of the liabilities is determined using the effective interest method. In addition to fixed payments, lease liabilities also include variable index-linked or interest-linked payments, residual value guarantees issued by the lessee.

The initial value of the liability determines the acquisition cost of the right-of-use asset. The right-of-use asset also includes costs directly attributable to the acquisition. The acquired right-of-use asset must be capitalised as an asset. This is shown as a separate item in the Balance Sheet. The lease liability and the right-of-use asset are reduced by lease payments or depreciation over the lease term. The right-of-use asset is

depreciated on a straight-line basis over the shorter of the lease term and the expected useful life of the right-of-use asset.

If a lease contains various contractual components, the services are generally divided into lease and non-lease components. Leases that are not allocated to the asset classes of cellsites, land, rooftop sites, towers, real estate or carrier means (cables, fibre-optic cable etc.) are treated in accordance with the simplification rule in IFRS 16.15.

If the lease liability is revalued due to a contract modification or a change in the estimates, the corresponding adjustment is recorded in the right-of-use asset. If the right-of-use asset has already been fully depreciated, it is recognised in the income statement.

If there are indications of impairment of the right-of-use asset, an impairment test is carried out in accordance with IAS 36. The rules governing the derecognition of financial liabilities apply to the derecognition of lease liabilities.

Telefónica Deutschland Group does not apply the regulations of IFRS 16 to contracts with intangible assets.

In accordance with IFRS 16.5, it is possible to deviate from the accounting treatment described above for leased assets of low value or for contracts with a short term (of 12 months or less). Telefónica Deutschland Group makes use of this recognition exemption whereby the recognition exemption for leased assets of low value is only applied to operating and office equipment. Neither a lease liability nor a right-of-use asset is recognised for these leases. The resulting expenses are therefore recognised directly in the income statement.

Accounting as lessor

As a lessor, Telefónica Deutschland Group classifies its lease agreements as either operating leases or finance leases in accordance with IFRS 16.

A lease is classified as a finance lease if it transfers substantially all risks and rewards incidental to ownership. If this is not the case, the lease is classified as an operating lease.

If the sublease is classified as a finance lease as defined by IFRS 16.61 et seqq., the right of use of the leased asset is derecognised and a receivable is recognised in the amount of the net investment in the lease. The corresponding payments by the lessee are divided into interest and principal payments using the effective interest method. The interest rate of the head lease is used for discounting lease payments from subleases that have not yet been received.

If a sublease is classified as an operating lease, the right-of-use asset of the head lease continues to be recognised in the Balance Sheet and the lease payments received of the sublease agreement are recorded in profit or loss over the term of the agreement.

Investments accounted for using the equity method

Investments in associates that are accounted for using the equity method are recognised in the Consolidated Balance

Sheet from the date on which Telefónica Deutschland Group obtains significant influence over the investment. Initial measurement is at cost, whereby directly attributable initial acquisition costs increase the carrying amount. The carrying amount of the investment is adjusted in subsequent periods by the proportionate change in equity of the associate. Dividends received reduce the carrying amount. The pro rata total comprehensive income/loss of the investment attributable to Telefónica Deutschland Group is presented as "Result from shares accounted for using the equity method" in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income.

Impairment of goodwill and other intangible assets, property, plant and equipment, right-of-use assets from leases and carrying amount of investments accounted for using the equity method

Goodwill and intangible assets which have not yet been placed in service are tested for impairment annually at the reporting date or if there are any indications. Property, plant and equipment, intangible assets with a finite useful life and right-of-use assets are tested for impairment only if any indications of impairment exist at the reporting date. The same applies to carrying amounts of associates accounted for using the equity method. Assets and goodwill are tested for impairment at the level of the cash-generating unit to which the asset belongs. As of 31 December 2025, Telefónica Deutschland Group comprises one single cash-generating unit, the reportable segment Telecommunications. Within Telefónica Deutschland Group, there are no further identifiable groups of assets below Group level that generate cash inflows that are largely independent of the cash inflows from other assets. An impairment is required if the carrying amount of an asset, the carrying amount of the investment accounted for using the equity method or a cash-generating unit exceeds its recoverable amount.

According to IAS 36, the recoverable amount corresponds to the higher of the fair value less costs to sell or the value in use. Telefónica Deutschland Group determines the recoverable amount of its cash-generating unit on the basis of the value in use, as this often allows a more reliable estimate or results in a higher value. The cash-generating unit is measured on the basis of a value in use, which is based on a five-year forecast horizon. At the end of financial year 2025, this comprises a detailed planning phase that has been extended to five years, which is based on the management's approved financial plans and also serves internal control purposes. A constant growth rate is used for the subsequent perpetual annuity, based on long-term market developments. The value in use is calculated by discounting the forecast after-tax cash flows using a tax-weighted discount rate. This discount rate reflects current market assessments of the time value of money and the specific risks of Telefónica Deutschland Group.

If the recoverable amount of a cash-generating unit to which goodwill is allocated is less than the carrying amount of the unit, an impairment loss shall be recognised corresponding to the difference. If the impairment loss exceeds the carrying amount of the goodwill, the remainder shall be allocated to the other

assets of the unit pro rata on the basis of the carrying amount of each asset.

If the carrying amount of an asset exceeds its recoverable amount, the carrying amount is written down to its recoverable amount and the resulting loss is recognised in the Consolidated Income Statement. Future depreciation or amortisation charges are adjusted for the asset's new carrying amount over its remaining useful life.

If the investment carrying amount of an associated company exceeds its recoverable amount, the carrying amount is written down to its recoverable amount. The resulting loss is recognised in the Consolidated Income Statement.

If the conditions for impairments recorded in earlier periods no longer apply, the relevant assets (with the exception of goodwill) are written up through profit and loss.

Assets and disposal groups held for sale

Telefónica Deutschland Group classifies non-current assets or disposal groups as held for sale if the relevant carrying amount will be recovered principally through a sale and not its continuing use in the business. Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less directly attributable costs to sell.

Property, plant and equipment and intangible assets classified as held for sale cease to be depreciated upon classification under IFRS 5. The same applies to capitalised right-of-use assets resulting from leases.

Assets and liabilities classified as held for sale are recognised separately as current items in the Balance Sheet.

Inventories

Inventories are stated at the lower of cost and net realisable value and are written down, if necessary. The costs are determined on the basis of the weighted average costs. Estimates of the net realisable value are based on the most reliable evidence available and are based on the amount for which the inventories are expected to be sold. These estimates take into consideration the fluctuations of sales prices or costs, as well as the purpose for which the inventory is held.

If the circumstances that previously caused inventories to be written down to an amount below cost no longer exist, the amount of the write-down is reversed, so that the new carrying amount is the lower of acquisition cost and revised net realisable value.

The Group's inventory mainly consists of merchandise intended for sale to customers. At the time of the sale when risk is transferred, the respective inventory is recognised as expense.

Cash and cash equivalents

Cash and cash equivalents are defined as short-term, highly liquid financial investments with a maximum term of three

months, which can be converted into cash at any time and are not materially impacted by the risk of a change in values.

Financial instruments

Non-derivative financial instruments are recognised on the settlement date, except for derivatives, which are recognised on the trade date. Upon initial recognition, financial instruments are measured at fair value, which generally corresponds to the transaction price. Transaction costs directly attributable to the acquisition or issuance are considered in determining the initial value if the financial instruments are not measured at fair value through profit or loss.

For the purpose of subsequent measurement, financial instruments are subdivided into the following categories:

- Financial assets measured at fair value through profit or loss
- Financial liabilities at fair value through profit or loss
- Financial assets and liabilities measured at amortised cost
- Financial assets measured at fair value through other comprehensive income (debt instruments)

Telefónica Deutschland Group does not make use of the option to classify financial assets at fair value through profit or loss upon initial recognition ("fair value option"). Likewise, the option to classify equity instruments at fair value through other comprehensive income upon initial recognition is currently not used.

Commodity price risks resulting from fluctuating energy market prices are hedged by concluding long-term power purchase agreements. The terms of the power purchase agreements differ; the maximum term is 2040. All power purchase agreements concluded are structured as physical power purchase agreements. The contractual delivery quantities are structured as continuously constant quantities (baseload) and dependent on the generation of the specified plant (as produced). The own-use exemption of IFRS 9 is utilised for these contracts. These contracts, which are concluded for the purpose of receiving or delivering non-financial goods in accordance with the company's own requirements, are recognised as pending transactions in accordance with IAS 37 and not as derivatives in accordance with IFRS 9.

In accordance with IFRS 9, financial assets are classified depending on the business model and cash flow characteristics. Reclassification of financial assets is only permitted if the business model has changed; financial liabilities may not be reclassified.

Financial assets: Assessment of the cash flow criterion

The cash flow criterion involves assessing whether the contractually agreed cash flows are solely interest and principal payments on the outstanding principal amount. Principal payments imply the outstanding principal repayments and interest represents remuneration for the time value of money, credit and liquidity risk and other costs and profit margins incurred during the life of the financial instrument in the course

of "holding" it. In the assessment, the contractual terms of the individual instruments are analysed in detail. This also includes an analysis of possible agreements that may affect the amount or timing of contractual cash flows and jeopardise non-compliance with the criterion.

Financial assets: Assessment of the business model

If the cash flow criterion is met, Telefónica Deutschland Group uses the business model criterion to assess how the financial assets are managed at portfolio level. This assessment is made by persons in key positions. In particular, the objectives for the portfolio, the guidelines and practical and concrete instructions for action are taken into account. In principle, three types of business models are possible: "Hold", "Hold and Sell" and "Other". Decisive for the classification into these business models are, in particular, the frequency, volume, reasons and timing of sales of financial assets from previous periods as well as expectations regarding future sales. If the business model of financial assets is "hold" in order to collect contractual cash flows, these are measured at amortised cost. All financial assets whose main purpose is to be collected and sold are measured at fair value through other comprehensive income. If the conditions for the aforementioned business models are not met, for example if the intention to trade exists, the financial assets are allocated to the measurement category "at fair value through profit or loss".

Financial assets

Financial assets mainly include trade and other receivables, other financial assets as well as cash and cash equivalents.

Financial assets measured at fair value through profit or loss

Financial assets at fair value through profit or loss are primarily investments in start-ups. Initial and subsequent measurement is at fair value through profit or loss. Derivatives with a positive fair value that are not included in hedging relationships are also reported in this category.

Financial assets measured at amortised cost

These mainly relate to trade receivables and other receivables as well as loans. After initial recognition, these financial assets are carried at amortised cost using the effective interest method less any impairment losses. Gains and losses are recognised in the Consolidated Income Statement when the financial assets are sold, amortised or impaired. Interest effects from the application of the effective interest method are also recognised in profit or loss.

Effective interest method: The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the interest rate that exactly discounts the estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount on initial recognition. The interest income or expense is recognised on an effective interest basis.

Financial assets measured at fair value through other comprehensive income

These assets are primarily trade receivables for which the "hold and sell" business model applies. These receivables are subject to the factoring programme and are resold depending on the capital requirements. These are subsequently measured at fair value. Changes in fair value are recognised in other comprehensive income. However, interest income, foreign currency gains and losses, impairment losses and reversals of impairment losses are recognised in the income statement. Upon derecognition, the accumulated gains and losses in other comprehensive income are reclassified to the income statement.

Impairment of financial assets

Telefónica Deutschland Group recognises impairment losses on contract assets, net investments and all financial assets that are debt instruments and that are measured at amortised cost or at fair value through other comprehensive income in the amount of the expected credit loss, unless the loss is considered to be immaterial.

Impairment losses on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

In the case of financial assets in the measurement category through other comprehensive income, the impairment is recognised in profit or loss and derecognised from the other comprehensive income.

In determining the impairment, a distinction must be made between the expected loss within the next 12 months and the lifetime. Upon initial recognition, the expected loss within the next 12 months is initially recognised as an impairment loss. This does not apply to trade receivables, contract assets and receivables from leases. If a significant increase in credit risk becomes apparent, the recognition of impairment losses is extended to the lifetime.

Telefónica Deutschland Group believes that a debt instrument has a low credit risk if its credit risk rating meets the global definition of investment grade. Accordingly, a decrease in the rating below investment grade is considered a significant increase in credit risk. In addition, Telefónica Deutschland Group assumes that the credit risk for a financial asset has increased significantly if it is more than 30 days past due.

Telefónica Deutschland Group continuously assesses whether financial assets carried at amortised cost or at fair value through other comprehensive income are specifically at risk of default and whether the receivables are transferred to external collection partners. The Group generally assumes this is the case if an internal collection measure has been unsuccessful.

At each reporting date, Telefónica Deutschland Group assesses whether financial assets carried at amortised cost or at fair value through other comprehensive income are at risk of default. Telefónica Deutschland Group generally assumes that a financial asset is at risk of default if:

- It is unlikely that the borrower will settle its loan obligations to Telefónica Deutschland Group in full without Telefónica

Deutschland Group resorting to measures such as the realisation of collateral (if any).

- The financial asset is 90 days or more past due.
- A debtor is in severe financial difficulty or is unwilling to pay.

The gross carrying amount of a financial asset is derecognised in full or in part unless there is a realistic prospect of recovery. This is generally the case if Telefónica Deutschland Group determines that the debtor does not have any assets or sources of income that could generate sufficient cash to repay the amounts due. Write-downs of financial assets may continue to be subject to foreclosure proceedings.

Impairment losses on trade receivables and contract assets are generally recognised at the amount of the expected credit loss over the lifetime using the simplified approach. In estimating expected credit losses, Telefónica Deutschland Group considers appropriate information that is relevant and reasonably available. This includes both quantitative and qualitative information and analyses based on Telefónica Deutschland Group's historical experience and credit ratings, as well as forward-looking information. Credit losses are measured as the present value of all defaults and late payments (i.e. the difference between the cash flows due to the entity under the contract and the expected cash flows).

Financial liabilities

Financial liabilities include primarily trade payables, other liabilities, interest-bearing debt, payables – spectrum and lease liabilities. Depending on their maturity, they are reported as current or non-current liabilities. In addition, embedded derivatives are separated from financial liabilities if they are not closely related to the host contract.

The financial liabilities from the spectrum auction in financial year 2019 and from the frequency extension in financial year 2025 are reported under a separate item called payables – spectrum due to their particular significance as specified in IAS 1.55, whereby the frequencies on which the liabilities are based are not used until 1 January 2026.

Financial liabilities measured at amortised cost

After initial recognition, financial liabilities are subsequently remeasured at amortised cost using the effective interest method described above.

Financial liabilities at fair value through profit or loss

A financial liability is recognised at fair value through profit or loss if it does not follow the measurement category of amortised cost. In the case of Telefónica Deutschland Group, derivative liabilities are included here unless they are accounted for as hedging relationships. They are presented as current or non-current liabilities or debt depending on their maturity.

Financial instruments included in this category are measured at fair value on initial recognition and on every subsequent reporting date. In addition, financial liabilities may be measured using the fair value option of this category. However, this option is not exercised.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the assets expire or when the financial assets have been transferred and Telefónica Deutschland Group has transferred substantially all the risks and rewards incidental to ownership of the financial asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of consideration received including the cumulative gains or losses that had been recognised directly in equity, is recognised in the Consolidated Statement of Comprehensive Income. If Telefónica Deutschland Group does not retain or transfer substantially all risks and rewards, and retains control, it continues to recognise the transferred asset to the extent of its continuing involvement.

Financial liabilities are derecognised when the underlying obligation is settled, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. A financial instrument must also be derecognised if a substantial modification of the contractual conditions has been made.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is reported in the Consolidated Balance Sheet, when Telefónica Deutschland Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derivative financial instruments

Derivatives are presented as assets if their fair value is positive and as liabilities if their fair value is negative. Changes in the fair value of derivative financial instruments are recognised periodically in the Consolidated Income Statement.

Provisions

Pension obligations

Telefónica Deutschland Group's obligations under defined benefit pension plans are determined using the projected unit credit method and are recognised as personnel expenses unless otherwise stated below.

Telefónica Deutschland Group determines the net interest expense recognised in the financial result (net interest income) by multiplying the net defined benefit liability (asset) at the beginning of the period with the interest rate used to discount the defined benefit obligation at the beginning of the period.

The discount rate is determined using market yields at the end of the reporting period on fixed-interest high-quality corporate bonds.

The net defined benefit liability (asset) is determined at every reporting date on the basis of an actuary report based on assumptions that are explained below. If the plan assets less the defined benefit obligation result in a surplus, then the level of the reported net defined benefit asset is limited to the present value of economic benefits associated with the plan asset

surplus in the form of reimbursements from the plan or on the basis of reduced future contributions. In addition, in the event of a surplus of the plan, the remeasurement component includes the change in the net defined benefit asset from the application of the asset ceiling, to the extent not taken into account in the net interest component.

Assets incurred by Telefónica Deutschland Group to meet its pension obligations, which do not qualify as plan assets in accordance with IAS 19, are reported under other financial assets.

As part of the determination of the present value of economic benefits associated with the plan asset surplus, any existing minimum funding requirements are taken into account.

The remeasurement component includes, on the one hand, the actuarial gains and losses from the valuation of the defined benefit obligation and, on the other hand, the difference between the actual return on plan assets and the amounts contained in the net interest on net defined benefit liability (assets).

The company recognises all remeasurement effects in other comprehensive income, whereas the remaining components of the net pension expense (service cost and net interest) are recognised in the Consolidated Income Statement.

In the case of defined contribution plans, the relevant company pays contributions to special purpose pension institutions that are recognised in personnel expenses.

Other provisions including termination benefits

Provisions are recognised when Telefónica Deutschland Group has a present (legal or constructive) obligation, as a result of a past event that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the interest effect of the discounting is material, provisions are discounted and the corresponding increase in the provision due to the passage of time is recognised as interest expense. For the purpose of discounting, the Group applies non-risk market interest rates before tax which are matched to the duration. This does not apply to other long-term employee benefits (partial retirement obligations), for which the discount rate is determined on the same basis used for the measurement of pension obligations. Potential risks are fully taken into account in determining the settlement amount. If Telefónica Deutschland Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only if the reimbursement is virtually certain. The expense relating to any provision is presented, if applicable, net of any reimbursement, in the Consolidated Income Statement.

Other provisions also include partial retirement obligations, to which the block model applies. Under this model, an outstanding settlement amount is incurred on the part of the employer during the employment phase that equates to the as yet uncompensated portion of work. After the end of the employment phase and during the reporting periods of

the second block of the model (time-off phase), in which the employees receive part-time consideration without performing work, the liability is amortised accordingly.

Top-up amounts are accumulated in the amount of the present value of all future payments over a certain time period. The period over which the top-ups are earned extends to the end of the employment phase for all payments. The provision for partial retirement is allocated to other long-term employee benefits.

Provisions for restructuring measures, including termination benefits, are recognised if a detailed formal plan for the measures to be taken is available, has been approved by the responsible management bodies and a justified expectation has been raised in those affected that the restructuring measures will be implemented. This is done by beginning the implementation of the measures or communicating the essential elements of the programme to those affected.

The provisions for restructuring include only those expenses necessary and directly attributable to the respective measures.

Provisions for the costs of dismantling and retirement are recognised if Telefónica Deutschland Group has a legal or constructive obligation to carry out the measures.

Asset retirement obligation

Asset retirement obligations arise from the contractual obligation to return the leased object in the original condition at contract commencement date. Since the costs for the future dismantling have not yet been determined at the time the contract is concluded, these costs are estimated. The estimated costs are recognised both as part of the asset and a provision.

The estimated costs of dismantling the network as well as shops and office locations, and interest rate movements are evaluated annually.

Revenues from contracts with customers

Telefónica Deutschland Group mainly generates revenues from service contracts and sales of mobile devices.

Revenues from service and multi-component arrangements

Telefónica Deutschland Group provides both mobile and fixed-network services that are satisfied over a specified period of time. The progress of the performance obligation is determined using output-based methods. Applying output-based methods, revenue is recognised on the basis of the value of services transferred to date relative to the remaining services promised under the contract. Accordingly, unsteady discounts on this service are recognised over the term of the contract. When the entitlement to consideration from a customer corresponds directly to the value of the services already provided, Telefónica Deutschland Group makes use of the practical expedient under IFRS 15.B16 and recognises revenue based on the amount invoiced.

In addition to stand-alone service contracts, Telefónica Deutschland Group offers its customers products under multi-component arrangements. In particular, discounts are granted

on mobile services if a mobile device is purchased together with the mobile services. There is no discount on the mobile device.

The discounts are allocated, whereby all the contractual components which affect the transaction price of a contract are considered when calculating the allocation factor.

Connection fees to be paid by the end customer are included in the allocation of contractual components as part of the overall assessment and are recognised as revenue accordingly over the underlying contract term. Discounts granted for the simultaneous usage of a mobile contract and a fixed-network internet contract are reported as a reduction of mobile service revenue and fixed-network/DSL revenue based on the relative stand-alone selling price of the respective tariffs.

In determining the date of satisfaction of the performance obligations (e.g. in the case of mobile device sales), the transfer of control to the end customer was defined as the relevant assessment criterion.

In accordance with IFRS 15, it is generally possible to apply the accounting rules to a portfolio of similarly structured contracts if no material effects are expected compared with the accounting of the individual contract consideration. Telefónica Deutschland Group analysed the existing contracts and aggregated them into portfolios. The Group applies the revenue regulations at the level of these defined portfolios.

Capitalisation of costs of obtaining a contract

Telefónica Deutschland Group pays commissions to dealers and agents for the acquisition of customers. These costs are capitalised as costs of obtaining a contract if they are incurred in connection with the obtaining of a contract and can be directly allocated to a customer.

Amortisation will depend on how the performance obligations to which the costs relate are transferred to the customer under the relevant contract. Under this method, the costs of obtaining a contract will be recognised in other expenses on a straight-line basis over the underlying amortisation period.

Within the capitalisation of costs of obtaining a contract, Telefónica Deutschland Group makes use of the practical expedient defined in the standard and only capitalises costs of obtaining a contract with an underlying amortisation period of more than one year. With an amortisation period of up to one year, the costs are expensed as incurred.

In addition to the capitalisation of costs of obtaining a contract, the standard also regulates the capitalisation of costs to fulfil a contract. The analysis of the underlying contracts showed that there are no costs to fulfil a contract.

Accounting for contract modifications

IFRS 15 contains comprehensive regulations regarding the reporting of contract modifications. In some cases, contract modifications are accounted for prospectively, forming a separate contract. In other cases, the contract modifications result in a modification of the existing contract. As a result, cumulative catch up adjustments of revenues may occur.

Principal versus agent considerations

According to IFRS 15, the assessment whether Telefónica Deutschland Group is the principal or the agent is based on whether the Group has control of particular goods or services before they are transferred to the customer.

Income taxes

Income taxes include both current and deferred taxes. Current and deferred taxes are recognised in the Consolidated Income Statement unless they relate to business combinations or items directly recognised in equity or in other comprehensive income. To the extent that deferred taxes relate to items recognised directly in equity or in other comprehensive income in the Consolidated Statement of Comprehensive Income, these are also recognised in equity or in other comprehensive income in the Consolidated Statement of Comprehensive Income.

Current tax assets and liabilities for the current period and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. To calculate the amount, tax rates and tax laws applicable or enacted on the reporting date are used.

Deductible temporary differences and tax losses carried forward result in deferred tax assets in the Consolidated Balance Sheet. Taxable temporary differences give rise to deferred tax liabilities in the Consolidated Balance Sheet. Temporary differences arise due to the difference between the tax bases of the assets and debts and their respective carrying amounts.

Telefónica Deutschland Group determines deferred tax assets and liabilities by applying the tax rates that will be effective when

the corresponding asset is received or the liability is settled. Tax rates and tax laws that are enacted (or substantively enacted) at the reporting date are used.

Deferred tax assets and liabilities are not discounted to present value and are classified as non-current, irrespective of the date of their reversal.

The carrying amount of deferred income tax assets is reviewed at each reporting date and recognised to the extent that it is probable that a sufficient taxable income will be available to utilise the deferred tax asset in the future. Unrecognised deferred tax assets are included in this review.

Deferred tax liabilities on investments in subsidiaries, branches, associates and joint operations are not recognised if the parent company is in a position to control the timing of the reversal and if the reversal is unlikely to take place in the foreseeable future. Cases in which no deferred tax liabilities were recognised for subsidiaries are of minor significance in terms of amount.

Deferred tax assets and liabilities arising from the initial recognition of the purchase price allocation of business combinations impact the amount of goodwill. However, subsequent changes in tax assets acquired in a business combination are recognised as an adjustment to profit or loss.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Uncertain income tax items are accounted at the estimated amount of corresponding tax payments.

5. Selected Notes to the Consolidated Balance Sheet

5.1. Goodwill

(in EUR million)	2025	2024
Carrying amount of goodwill as of 1 January	1,360	1,360
Carrying amount of goodwill as of 31 December	1,360	1,360

Goodwill is allocated to the Telecommunications cash-generating unit. Telefónica Deutschland Group performs regular impairment tests to determine the recoverable amount of this cash-generating unit and to determine whether goodwill impairment is necessary. Determining the recoverable amount generally requires a number of assumptions, estimates and significant judgements. In accordance with IAS 36, the recoverable amount of the cash-generating unit is determined as the higher of the fair value less costs to sell or the value in use. Due to the delisting of Telefónica Deutschland Holding AG in April 2024, no sufficiently reliable market information was available, from financial year 2024 onwards, to determine the fair value less costs to sell. The share price was no longer a suitable indicator of fair value due to the limited market activity as a result of the delisting. Consequently, the impairment test was carried out on the basis of the value in use in accordance with the requirements of IAS 36 both in the previous year and for the financial year ending 31 December 2025. The recoverable amount of the cash-generating unit was determined using the discounted cash flow model. The value in use is calculated by discounting the forecast future cash flows to the valuation date.

As in the previous year, the impairment test carried out at the level of the Telecommunications cash-generating unit did not result in any need to write down goodwill at the end of financial year 2025, as the recoverable amount based on the value in use exceeded the carrying amount of the Telecommunications cash-generating unit.

The impairment test is described in >Chapter 4 GENERAL ACCOUNTING POLICIES – SIGNIFICANT ACCOUNTING POLICIES.

The discount rate after tax used for the cash flow forecasts as of 31 December 2025 is 5.7%. The cash flows beyond the five-year period are extrapolated using a growth rate of 1.0%, which is based on long-term real growth and inflation expectations. To ensure the comparability of the valuation parameters, the pre-tax discount rate was derived from the post-tax discount rate using an iterative method. The resulting pre-tax discount rate is 7.6%.

Factors such as the market and competitive situation, macroeconomic conditions, technological developments and regulatory influences as well as potential growth opportunities are taken into account when preparing the business plan.

On this basis, a growth target is set that is based on the efficient allocation of operating resources and the necessary investments. In addition, operating efficiency gains are derived from the strategic transformation initiatives, which influence the

forecast of operating cash flow. The Group also takes historical planning fidelity into account.

Main assumptions for determining the value in use

The key operating figures used to assess business performance and set financial targets include:

- Revenues
- EBITDA adjusted for exceptional effects
- Investment ratio (CapEx/Sales ratio).

The internally developed assumptions for these variables are based on historical developments and current internal forecasts, which were validated by comparing them with external market estimates.

Other significant influencing factors include:

- the discount rate
- the growth rate in the perpetual annuity.

The discount rate used to measure the cash flows corresponds to the weighted average cost of capital (WACC), which is derived from the weighted average cost of equity and debt in accordance with the financing structure. The calculation is carried out using the Capital Asset Pricing Model (CAPM).

The segment-specific risk of the telecommunications industry is taken into account by using a suitable beta factor, which is calculated annually on the basis of publicly available market data.

From the sixth year onwards, the cash flow forecast is calculated using a constant growth rate that reflects the long-term growth potential of the industry. To determine this growth rate, analyst estimates, long-term projections of nominal and real GDP growth and other relevant, externally available forecasts and indicators are taken into account.

Sensitivities for changes in assumptions

The result of the impairment test was reviewed using a sensitivity analysis in which the main influencing factors were varied within appropriate ranges. The discount rate was adjusted by +/-0.5%, the growth rate in perpetuity by +/-0.25%, the EBITDA margin by +/-1.5% and the CapEx/Sales ratio by +/-0.75%.

Even with the changes to the key parameters that were considered possible, the sensitivity analysis showed that the recoverable amount of the cash-generating unit Telecommunications continues to exceed the book value as of 31 December 2025.

5.2. Other intangible assets

Other intangible assets are depreciated on a straight-line basis over their useful lives, primarily within the following ranges:

	Estimated useful life (in years)
Licences	14–21
Customer bases	15
Software	1–5
Brand names	18–19

Determining the useful lives underlying amortised cost is essentially based on the assessment of future technological developments or the alternative use of the assets and is therefore subject to certain discretionary estimates.

In financial year 2025, the review of the estimated useful lives resulted in an extension in the useful life of software. As a consequence, amortisation expenses decreased by approximately EUR 5 million (2024: increase of EUR 1 million due to reduced useful lives).

(in EUR million)	Licences	Customer bases	Software	Brand names	Other	Intangible assets not yet in use	Other intangible assets
Cost							
As of 1 January 2024	4,516	1,764	2,554	101	1	214	9,149
Additions	–	–	422	–	–	13	435
Disposals	–	(1,754)	(50)	–	–	–	(1,804)
Reclassifications	–	–	35	–	–	(35)	–
As of 31 December 2024	4,516	9	2,961	101	1	192	7,780
As of 1 January 2025	4,516	9	2,961	101	1	192	7,780
Additions	–	–	368	–	–	195	563
Disposals	(2,056)	–	(305)	–	(0)	–	(2,361)
Reclassifications	–	–	11	–	–	(11)	–
As of 31 December 2025	2,460	9	3,036	101	1	376	5,983
Accumulated depreciation							
As of 1 January 2024	(2,410)	(1,626)	(1,884)	(71)	(1)	–	(5,991)
Additions	(292)	(131)	(341)	(3)	(0)	–	(767)
Disposals	–	1,754	50	–	–	–	1,804
As of 31 December 2024	(2,702)	(3)	(2,175)	(74)	(1)	–	(4,954)
As of 1 January 2025	(2,702)	(3)	(2,175)	(74)	(1)	–	(4,954)
Additions	(292)	(1)	(386)	(3)	0	–	(682)
Disposals	2,056	–	305	–	0	–	2,361
As of 31 December 2025	(938)	(4)	(2,256)	(77)	(1)	–	(3,275)
Net book value							
As of 31 December 2024	1,814	6	786	28	0	192	2,826
As of 31 December 2025	1,522	6	779	25	0	376	2,708

Licences

As of 31 December 2025, licences consist primarily of the spectrum licences listed below:

In June 2015, Telefónica Deutschland Group successfully bid for frequency usage rights for 2x10 MHz in the 1.8 GHz range, which have been used since 1 January 2017 and will expire in December 2033. The carrying amount of the frequency usage rights as of 31 December 2025 is EUR 227 million (2024: EUR 255 million). The remaining useful life is 8 years.

In June 2015, Telefónica Deutschland Group successfully bid for frequency usage rights for 2x10 MHz in the 700 MHz range, which have been used since March 2020 and have a term until December 2033. The frequencies are currently used for 4G and

5G. The carrying amount of the frequency usage rights as of 31 December 2025 is EUR 195 million (2024: EUR 219 million). The remaining useful life is 8 years.

In June 2015, Telefónica Deutschland Group successfully bid for frequency usage rights for 2x10 MHz in the 900 MHz range, which have been used since 1 January 2017 and have a term until December 2033. The frequencies are currently used for 4G and 2G. The carrying amount of the frequency usage rights as of 31 December 2025 is EUR 181 million (2024: EUR 204 million). The remaining useful life is 8 years.

In June 2019, Telefónica Deutschland Group successfully bid for a total of 2x5 MHz in the 2.0 GHz range. The frequencies in the 2.0 GHz band have been used since January 2021 and have a

term until December 2040. The frequencies are currently used for 4G. The carrying amount of the frequency usage rights as of 31 December 2025 is EUR 158 million (2024: EUR 169 million). The remaining useful life is 15 years.

In June 2019, Telefónica Deutschland Group successfully bid for a total of 70 MHz in the 3.6 GHz range. The frequencies in the 3.6 GHz frequency range have been used since June 2020 and have a term until December 2040. The frequencies are currently used for 5G. The carrying amount of the frequency usage rights as of 31 December 2025 is EUR 761 million (2024: EUR 811 million). The remaining useful life is 15 years.

The frequency usage rights in the 800 MHz, 2.0 GHz and 2.6 GHz ranges which were successfully bid for in 2010, as well as the frequencies acquired in the 1.8 GHz range as part of the acquisition of the E-Plus Group as of 1 October 2014, expired at the end of financial year 2025. The rights in question were fully amortised and recognised in disposals in the reporting year. The underlying frequency bands will continue to be used. The frequency usage rights in the 800 MHz, 1.8 GHz and 2.6 GHz bands renewed in financial year 2025 and the frequency usage rights successfully bid for in financial year 2019 in the 2.0 GHz range are not yet in use as of 31 December 2025 and are therefore reported as intangible assets not yet in use.

All frequency usage rights are allocated on a technology-neutral basis and are amortised on a straight-line basis over their useful lives.

Customer bases

The remaining customer base at the end of the financial year is amortised over a remaining period of 9 years.

Software

Software mainly includes developments and licences for IT and office applications. In financial year 2025, additions mainly related to CRM and billing systems as well as portal systems. Software disposals primarily relate to software that reached the end of its useful life.

Buildings
Plant and machinery (incl. telephone installations, networks and subscriber equipment)
Furniture, office equipment, tools and other items

In financial year 2025, exceptional depreciations amounting to EUR 48 million were recorded on network technology (previous

Brand names

The brand names are predominantly amortised over a remaining useful life of 9 years.

Intangible assets not yet in use

As of 31 December 2025, intangible assets not yet in use consist mainly of the spectrum licences listed below:

In June 2019, Telefónica Deutschland Group successfully bid for frequency blocks in the 2 GHz range with a 2x5 MHz spectrum. The carrying amount of the frequencies as of 31 December 2025 is EUR 170 million (2024: EUR 170 million). The spectrum will be available from 2026. The use of the frequencies is limited until the end of 2040.

In June 2025, in accordance with an assignment notice, the BNetzA reallocated the usage rights for the frequency blocks in the 800 MHz, 1.8 GHz and 2.6 GHz ranges which were originally set to expire on 31 December 2025 for a further 5 years. The carrying amount of the frequencies as of 31 December 2025 is EUR 180 million. The capacities of the 800 MHz, 1.8 GHz and 2.6 GHz spectrum are available from 2026 and their use is limited until the end of 2030.

Assets held for sale

As of December 2025, one spectrum licence has been allocated to assets held for sale. As of 1 January 2026, the spectrum licence in the 2.6 GHz spectrum was transferred to 1&1 Group. The carrying amount of the licence was EUR 27 million as of 31 December 2025. This share is not yet offset in the statement of changes in non-current assets under additions to intangible assets not yet in use.

5.3. Property, plant and equipment

Accounting for investments in property, plant and equipment involves the use of estimates to determine the useful life for depreciation and amortisation purposes. The useful lives are reviewed periodically and, where appropriate, updated based on technological progress. The following bandwidths are mainly used in Telefónica Deutschland Group:

Estimated useful life (in years)
5–33
1–20
3–10

year: EUR 33 million). These were largely due to the early decommissioning of installations.

Property, plant and equipment comprise the following:

(in EUR million)	Land and buildings	Plant and machinery	Furniture, office equipment, tools and other items	PP&E in progress	Property, plant and equipment
Costs					
As of 1 January 2024	147	9,135	231	159	9,671
Additions	4	619	11	71	706
Disposals	(7)	(790)	(17)	(9)	(824)
Reclassifications	0	25	3	(29)	0
Other	0	8	–	–	8
As of 31 December 2024	144	8,997	228	193	9,561
As of 1 January 2025	144	8,997	228	193	9,561
Additions	5	496	6	75	581
Disposals	(15)	(951)	(87)	(3)	(1,056)
Reclassifications	4	109	5	(117)	0
Other	0	(84)	–	–	(84)
As of 31 December 2025	138	8,567	151	147	9,003
Accumulated depreciation					
As of 1 January 2024	(96)	(5,911)	(180)	–	(6,188)
Additions	(12)	(726)	(21)	–	(759)
Disposals	7	785	17	–	809
As of 31 December 2024	(101)	(5,853)	(184)	–	(6,137)
As of 1 January 2025	(101)	(5,853)	(184)	–	(6,137)
Additions	(11)	(720)	(19)	–	(750)
Disposals	15	943	87	–	1,044
As of 31 December 2025	(97)	(5,630)	(116)	–	(5,842)
Net book value					
As of 31 December 2024	43	3,144	44	193	3,424
As of 31 December 2025	41	2,936	36	147	3,161

As of 31 December 2025, Telefónica Deutschland Group mainly capitalised leasehold improvements under land and buildings.

Plant and machinery mainly relates to network equipment.

Furniture, office equipment, tools and other items primarily consists of IT equipment.

Construction in progress resulted mainly from the expansion of the network.

Other movements in property, plant and equipment, which mainly relate to plant and machinery and are connected with assets relating to dismantling or retirement obligations, amounted to EUR -84 million (2024: EUR 8 million). The change is mainly due to interest rate and volume adjustments.

5.4. Right-of-use assets

(in EUR million)	Land and buildings	Plant and machinery	Other	Right-of-use assets
Costs				
As of 1 January 2024	1,020	4,408	240	5,668
Additions	126	411	42	578
Disposals	(39)	(47)	(38)	(123)
As of 31 December 2024	1,107	4,772	245	6,123
As of 1 January 2025	1,107	4,772	245	6,123
Additions	123	755	69	948
Disposals	(62)	(83)	(35)	(179)
As of 31 December 2025	1,168	5,444	279	6,891
Accumulated depreciation				
As of 1 January 2024	(528)	(1,799)	(138)	(2,465)
Additions	(125)	(517)	(46)	(688)
Disposals	23	34	37	94
As of 31 December 2024	(630)	(2,282)	(147)	(3,059)
As of 1 January 2025	(630)	(2,282)	(147)	(3,059)
Additions	(130)	(548)	(39)	(716)
Disposals	48	54	32	134
As of 31 December 2025	(711)	(2,777)	(154)	(3,641)
Net book value				
As of 31 December 2024	477	2,490	98	3,064
As of 31 December 2025	457	2,668	125	3,250

As of 31 December 2025, Telefónica Deutschland Group capitalised right-of-use assets for land and buildings, mainly for roof areas, office and shop areas.

Plant and machinery mainly includes right-of-use assets for radio masts and rented space on passive infrastructure including antenna masts as well as dark fibre and other leased lines.

Lease agreements may contain extension and termination options and have individual terms and conditions, as these are agreed with the individual lessors, especially in the case of radio masts and rooftop sites.

The right-of-use asset is determined on the basis of the discounted lease liability. Please refer to the remarks under >Chapter 5.12 LEASE LIABILITIES for information on the assumptions made for the contract term and the incremental borrowing rate used.

5.5. Trade and other receivables

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Trade receivables	198	1,134	200	1,055
Continuing involvement from the sale of receivables	–	392	–	386
Receivables from related parties (>Chapter 12 RELATED PARTIES)	–	22	–	36
Other receivables	–	57	–	52
Loss allowance	–	(71)	–	(67)
Trade and other receivables	198	1,534	200	1,463

Current trade receivables, which are measured at fair value through other comprehensive income (including O₂ My Handy receivables), have a carrying amount of EUR 563 million (2024: EUR 464 million) and the non-current trade receivables of EUR 198 million (2024: EUR 200 million).

Trade receivables, which are measured at amortised cost, have a gross carrying amount of EUR 571 million (2024: EUR 591 million).

No separate loss allowances have been recorded for the category of receivables measured at fair value through other comprehensive income, as the credit default risk of EUR 198 million (2024: EUR 197 million) is implicitly included in the fair value. The loss allowance of EUR 71 million (2024: EUR 67 million) mainly relates to the impairment of trade receivables, which are measured at amortised cost.

In order to measure the expected credit loss, trade receivables and contract assets were grouped into homogeneous customer segments. The allowance rate is calculated for each segment based on days past due and actual credit losses incurred in prior years. The value also reflects current and forward-looking information and analysis of the expected economic situation during the term of the financial assets from the point of view of the Group. Observable forward-looking information may include disposable income, gross domestic product, inflation indices and changes to payment behaviour.

The following tables provide information on exposure to credit risk and on expected credit losses for trade receivables (excluding O₂ My Handy) per days past due as of 31 December 2025. Separate consideration is applied to trade receivables measured at fair value through other comprehensive income and trade receivables measured at amortised cost.

Trade and other receivables at amortised cost

As of 31 December 2025

(in EUR million)

This presentation follows the simplified approach:

Not due
Overdue for 1-30 days
Overdue for 31-60 days
Overdue for 61-90 days
Doubtful accounts
Overdue for 91-180 days
Overdue for 181-360 days
Overdue for more than 360 days
Total

Gross carrying amount	Loss allowance	Average expected default rate
438	5	1.2%
38	7	17.6%
11	4	31.3%
7	3	48.2%
15	9	61.0%
20	13	66.9%
41	29	70.6%
571	71	

As of 31 December 2024

(in EUR million)

This presentation follows the simplified approach:

Not due
Overdue for 1-30 days
Overdue for 31-60 days
Overdue for 61-90 days
Doubtful accounts
Overdue for 91-180 days
Overdue for 181-360 days
Overdue for more than 360 days
Total

Gross carrying amount	Loss allowance	Average expected default rate
472	3	0.7%
26	5	21.1%
13	3	24.9%
6	3	47.9%
14	8	61.5%
18	12	64.7%
42	31	74.7%
591	67	

Trade and other receivables at fair value through other comprehensive income

As of 31 December 2025

(in EUR million)

This presentation follows the simplified approach:

Not due
Overdue for 1-30 days
Overdue for 31-60 days
Overdue for 61-90 days
Doubtful accounts
Overdue for 91-180 days
Overdue for 181-360 days
Overdue for more than 360 days
Total

Gross carrying amount	Loss allowance	Average expected default rate
240	0	0.1%
12	0	0.1%
0	0	0.1%
–	–	0.0%
0	0	84.0%
0	0	84.0%
0	0	84.1%
252	0	

As of 31 December 2024

(in EUR million)	Gross carrying amount	Loss allowance	Average expected default rate
This presentation follows the simplified approach:			
Not due	140	0	0.1%
Overdue for 1-30 days	1	0	0.1%
Overdue for 31-60 days	0	0	0.1%
Overdue for 61-90 days	0	0	21.0%
Doubtful accounts			
Overdue for 91-180 days	0	0	84.0%
Overdue for 181-360 days	0	0	84.0%
Overdue for more than 360 days	0	0	84.0%
Total	142	0	

In addition, there are gross receivables of EUR 720 million for O₂ My Handy (2024: EUR 731 million) which are measured at fair value through other comprehensive income. The discounting effect remaining in other comprehensive income is EUR 13 million (2024: EUR 12 million). A separate valuation allowance of EUR 197 million is recognised for O₂ My Handy (2024: EUR 197 million). This valuation allowance was recognised directly in equity and was not separately deducted at fair value on the Balance Sheet. The carrying amount is EUR 509 million (2024: EUR 522 million). Moreover, as of the reporting date, repurchased credit-impaired receivables amounted to EUR 21 million (2024: EUR 16 million) and are not included in the three-stage model for determining expected credit losses. These receivables are recognised at amortised cost under trade receivables. At the acquisition date, they were measured at fair value, which already accounted for expected credit losses. Due to their classification under the impairment approach for purchased or originated credit-impaired financial assets, no separate impairment was recognised at initial recognition.

As of the reporting date, no additional impairment allowances were recognised for these receivables.

A rating model was applied to assess the credit risk of O₂ My Handy receivables for existing portfolios. In contrast, newly originated receivables are measured based on the historical default rate. The application of the rating model requires sufficient information on the debtor's payment history, which is generally available after an exposure has been outstanding for 12 months.

The rating model was introduced in order to standardise the assessment of the default risk of trade receivables with the risk assessment as part of the sales processes in silent factoring. Each customer receives a credit rating that uses a mixture of quantitative and qualitative indicators and is assigned to the defined risk groups depending on the indicators. The customer's payment behaviour in the past, such as late payments or debt collection, is one of the key indicators. In the determination process, each individual customer is assigned a probability of default and an expected default amount. These two components result in the default rate, which is multiplied by the outstanding receivable. Customers with similar payment behaviour are grouped together and assigned to one of three risk classes. The following table shows the gross receivables and the associated loss allowances of O₂ My Handy, broken down by risk class.

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Gross receivables	Loss allowance	Gross receivables	Loss allowance
Receivables initially valued	472	60	471	65
Receivables with low credit risk	57	1	69	1
Receivables with medium credit risk	20	2	21	1
Receivables with high credit risk	170	134	170	130
Total receivables by credit risk level	720	197	731	197

Overall, this results in gross receivables of EUR 1,543 million (2024: EUR 1,464 million), for which an impairment adjustment of EUR 268 million (2024: EUR 264 million) is recorded.

Telefónica Deutschland Group classifies receivables that are more than 90 days old as at risk of default and transfers them to collection agencies for processing as part of its receivables management. Depending on the customer segment and product portfolio, a success rate is achieved that is taken into

account when calculating the impairment. The impairment of these receivables is also differentiated according to maturity.

Compared to the previous year, the loss allowances for financial year 2025 increases by 1.8%, resulting from higher past due receivables and a general deterioration in the indicators of our customers' future payment behaviour.

When calculating the expected credit losses, a collection rate of 27% is taken into account in 2025 (2024: 29%).

For trade receivables with a contractual volume of EUR 127 million (2024: EUR 129 million), which were transferred

to collection agencies during financial year 2025 and have not yet been paid, collection measures are still ongoing.

The breakdown of trade receivables is as follows:

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Trade receivables billed	198	658	200	566
Trade receivables unbilled	-	475	-	490
Trade receivables	198	1,134	200	1,055

The following table shows the development of the loss allowances for the years ending as of 31 December 2025 and 2024.

(in EUR million)	2025	
	Trade receivables measured at amortised cost	Trade receivables measured at fair value through other comprehensive income
As of 1 January 2025	(67)	(197)
Addition	(40)	(64)
Release	-	12
Utilisation	36	51
Reclassifications	-	-
As of 31 December 2025	(71)	(198)

(in EUR million)	2024	
	Trade receivables measured at amortised cost	Trade receivables measured at fair value through other comprehensive income
As of 1 January 2024	(65)	(183)
Addition	(31)	(77)
Release	-	16
Utilisation	30	47
Reclassifications	-	-
As of 31 December 2024	(67)	(197)

In 2025 and 2024, Telefónica Deutschland Group sold instalment receivables in order to optimise the working capital. The nominal value of transactions concluded in 2025 amounts to EUR 1,000 million (2024: EUR 1,195 million). The buyers of the receivables assume the main risks and opportunities of these receivables. The receivables sold were fully derecognised at the time of sale, with the exception of the continuing involvement of EUR 392 million (2024: EUR 386 million) for instalment receivables. The utilisation is expected to result in a loss of EUR 18 million (2024: EUR 15 million).

Telefónica Deutschland Group recognises instalment receivables sold in the amount of its continuing involvement. This corresponds to the maximum amount with which Telefónica Deutschland Group remains liable for the associated maximum risk and recognises a corresponding other liability. The maximum risk comprises the credit risk and the late payment risk. The receivables and the associated liability are subsequently derecognised in the amount in which the continuing involvement of Telefónica Deutschland Group is reduced. Telefónica Deutschland Group bears the entire late payment risk in all transactions and continues to bear a portion

of the credit risk. The remaining credit risk is transferred to the purchasers of the receivables in the course of the transactions. Consequently, the opportunities and risks associated with the receivables sold have been partially transferred and partially retained.

In addition, factoring is carried out regularly for some customer segments with current receivables in order to optimise working capital. These receivables are assigned to the category of fair value through other comprehensive income. The nominal value of the transactions completed in 2025 amounts to EUR 341 million (2024: EUR 567 million). The entire risk was fully assumed by the purchasers of the receivables via a fixed purchase price reduction. The receivables sold were fully derecognised.

All other receivables measured at amortised cost are subject to the impairment requirements of IFRS 9 and are recognised as impaired using the general approach. >Chapter 15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT.

5.6. Other financial assets

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Investments in start-ups	3	0	3	0
Reimbursement rights from insurance contracts	129	–	120	–
Silent factoring deposit	–	1	–	12
Deposits	0	–	0	–
Purchase price receivable from the sale of major parts of the business operations of the rooftop sites	–	92	90	90
Loan receivables	8	0	10	1
Net investment in the lease	7	5	8	5
Other financial assets	146	98	230	107

For further information on the investments in start-up companies, see >Chapter 8 FURTHER INFORMATION ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES.

The reimbursement rights in 2025 were accrued to cover the pension and partial benefit obligations, and do not represent plan assets in accordance with IAS 19. Furthermore, this item includes EUR 10 million (2024: EUR 10 million) in surpluses from the offsetting of the net defined pension obligations against plan assets. The recognised fair values are based on the values received from the insurance company, which are based on the insurance company's internal calculation models.

In addition, other financial assets include current portions of a deposit that serves as collateral for silent factoring and corresponds to the maximum risk (credit and late payment risk) to be borne by Telefónica Deutschland Group in individual transactions. The collateral is paid into a Telefónica Deutschland Group bank account pledged to the purchaser of the receivables. The deposit provides security for the bank's losses on the sale of receivables.

Other financial assets include outstanding purchase price receivables of EUR 92 million (2024: EUR 179 million) from affiliated companies. These are the result of the sale of significant parts of the business operations of the rooftop sites to Telxius Group in financial years 2021 and 2022. The one-time payment originally agreed upon was replaced in financial year

2024 by a three-year instalment payment model. In December 2024, the first payment of EUR 89 million was made to Telefónica Deutschland Group. Further partial contractual payments were received in December 2025. The remaining purchase price receivable is linked to the future development of the inflation rate. The receivable is valued using the effective interest method. Expected credit losses within the next 12 months have been accounted for as an impairment loss.

As of 31 December 2025, loan receivables mainly include a loan from the sale of network equipment and spectrum licences.

The net investment in the lease results from lease receivables from finance leases for subleases for shops and locations with cell sites. These receivables follow the simplified impairment approach. The impairment losses are not material. For further information on net investment in the lease, see >Chapter 19 LEASES.

All financial assets measured at amortised cost are subject to the impairment requirements of IFRS 9 and are recognised as impaired using the general approach. There were no material increases in credit risk in the current and previous financial year. Consequently, the expected credit loss for 12 months is determined for all instruments. With regard to other financial assets, there were no indications of material impairment as at 31 December 2025 (>Chapter 15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT).

5.7. Other non-financial assets and other non-financial liabilities

Other non-financial assets were comprised as follows as of 31 December 2025:

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Prepayments	64	91	144	84
Prepayments to related parties	3	9	0	5
Capitalised costs of obtaining contracts	144	433	135	423
Contract asset	20	45	19	22
Other tax receivables	–	68	–	34
Other non-financial assets	230	646	298	568

The prepayments mainly relate to prepayments for incidental rental costs for lines, antenna sites, service and IT support agreements.

The capitalised costs of obtaining contracts include costs for commissions that can be directly allocated to contracts with customers. They are amortised on a straight-line basis in profit or loss over the underlying amortisation period, which is generally 24 months. In financial year 2025, amortisation of EUR 578 million (2024: EUR 581 million) were recognised.

Other non-financial liabilities were as follows as of 31 December 2025:

(in EUR million)	As of 31 December 2025	As of 31 December 2024
	Current	Current
Payroll taxes and social security	11	10
Current tax payables for indirect taxes	42	25
Other taxes	0	0
Other non-financial liabilities	54	35

5.8. Inventories

(in EUR million)	As of 31 December 2025	As of 31 December 2024
	Merchandise	129
Loss allowances	(1)	(1)
Inventories	128	147

Inventories comprise smartphones and accessories in particular.

The total amount of inventories recognised as an expense in financial year 2025 is EUR 1,626 million (2024: EUR 1,625 million).

5.9. Cash and cash equivalents

Cash and cash equivalents mainly includes deposits in connection with cash pooling agreements with Telfisa Global B.V., Amsterdam, Netherlands (Telfisa Global B.V.), receivables

(in EUR million)	As of 31 December 2025	As of 31 December 2024
	Cash at bank and in hand	11
Cash pooling	221	393
Cash and cash equivalents	232	402

Telefónica Deutschland Group has entered into cash pooling and deposit agreements with Telfisa Global B.V., a subsidiary of Telefónica, S.A. Group, and deposits its cash surpluses there. Telefónica, S.A. has guaranteed the performance of Telfisa Global B.V.'s obligations arising from the cash pooling agreements. Telefónica, S.A. has been rated by international rating agencies with an investment-grade rating of BBB or BBB- and a stable outlook for several years. Therefore, no significant

The contract asset represents amounts related to contracts where Telefónica Deutschland Group has satisfied its performance obligations by transferring mobile devices and performing mobile services or fixed-network/DSL services before consideration was paid or became due.

For contract assets, a loss allowance of EUR 2 million (2024: EUR 1 million) is already recognised directly in the carrying amount. Contract assets exist primarily with private customers.

The tax receivables relate to receivables from the tax office from current prepayments.

Consistent with common industry practices, the suppliers of inventories retain the title until the items are paid in full.

from banks with an original term of up to three months and cash in hand.

credit losses are expected (see also >Chapter 15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT).

Telefónica Deutschland Group assumes that Telfisa Global B.V. will have sufficient financial resources to meet its obligations, in particular those towards Telefónica Deutschland Group, at all times.

5.10. Equity

Subscribed capital

As of 31 December 2025, Telefónica Deutschland Holding AG had share capital of EUR 2,975 million, which is consistent with the prior year and is divided into 2,974,554,993 no par value registered shares, unchanged as of 31 December 2024, each accounting for a pro rata amount of share capital of EUR 1.00. Each non-par value share grants one vote at the Annual General Meeting. The share capital is fully paid.

As in the previous year, as of 31 December 2025, Telefónica Deutschland Holding AG did not hold any of its own shares.

In accordance with Section 6 (2) of the Articles of Association, the shareholders do not have the right to have shares certificated. The shares are freely transferable.

Authorised capital

Telefónica Deutschland Holding AG had authorised capital 2021/I of EUR 1,487,277,496 as of 31 December 2025.

Conditional capital

Conditional Capital 2019/I in the amount of up to EUR 558,472,700 was cancelled in financial year 2025 on the basis of the resolution of the Supervisory Board and the subsequent entry in the commercial register. As of the reporting date of 31 December 2025, there is no longer any conditional capital.

Authorisation of the Management Board to buy back own shares

The authorisation of the Management Board to buy back own shares is governed by Section 57 (1) sentence 2 and Sections 71 et seqq. German Stock Corporation Act (Aktiengesetz – AktG). The Annual General Meeting on 19 May 2022 resolved a new authorisation in accordance with Section 71 (1) no. 8 AktG to buy back own shares of up to a total of 10% of the share capital on the resolution date or, if lower, on the date on which the authorisation is exercised.

Additional paid-in capital

As a result of cash and non-cash capital increases in connection with the acquisition of the E-Plus Group, which were entered in

the commercial register on 18 September and 7 October 2014, additional paid-in capital increased in 2014 by EUR 3,929 million.

With the entry in the commercial register on 4 June 2018, the part of the tied additional paid-in capital of EUR 4,535,097,828 was converted into a free additional paid-in capital (Section 272 (2) no. 4 HGB).

As of 31 December 2025, additional paid-in capital amounted to EUR 2,836 million (2024: EUR 2,836 million).

Retained earnings

In addition to the above mentioned reallocation from the additional paid-in capital, retained earnings primarily consist of accumulated results from previous years. Additionally, other income includes actuarial remeasurements of pension provisions, which lead to the remeasurement of post-employment benefits. Due to the interest rate developments, from the trade receivables measured at fair value through other comprehensive income, we saw a discounting effect in other comprehensive income. The investments accounted for using the equity method produced a share of their other comprehensive income. Income tax effects on the items in other comprehensive income are also included.

Retained earnings also contain a legal reserve in accordance with Section 150 (2) of the German Stock Corporation Act (Aktiengesetz – AktG) of EUR 0.014 million (2024: EUR 0.014 million).

Dividend distributions

On 18 June 2024, the Annual General Meeting of Telefónica Deutschland approved the distribution of a dividend of EUR 0.18 per dividend-bearing share for financial year 2023, totalling around EUR 535 million. To cover the dividend, an amount of EUR 538 million was allocated from the (free) capital reserve to retained earnings in financial year 2023. The dividends were distributed in June 2024. There was no dividend distribution in financial year 2024. The balance sheet loss reported in the Annual Financial Statements of Telefónica Deutschland Holding AG as of 31 December 2024 was carried forward to new account.

5.11. Interest-bearing debt

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Bonds	–	–	–	605
Promissory notes and registered bonds	162	15	174	58
Loans payable	225	404	300	109
Interest-bearing debt	387	419	474	771

For the maturity profile of the listed liabilities, please refer to >Chapter 15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT. Long-term interest-bearing debt with a remaining term greater than five years in relation to non-discounted cash flows remains in the amount of EUR 102 million (2024: EUR 138 million).

Bonds

The bond issued in July 2018 by O2 Telefónica Deutschland Finanzierungs GmbH, Munich, with a nominal volume of EUR 600 million, was repaid as planned after the seven-year term on 5 July 2025.

Promissory notes/registered bonds

On 13 March 2015, Telefónica Deutschland Group completed an initial placement of promissory notes and registered bonds with a volume of EUR 300 million. The promissory notes placed with a volume of EUR 172 million have unsecured tranches with terms of five, eight and ten years, with both fixed and floating interest rates. The first tranche of EUR 113 million was repaid on schedule in March 2020; a further tranche of more than EUR 20 million was repaid in March 2023 and of more than EUR 30 million was repaid in March 2025. The variable-rate tranches of the promissory note loan in the amount of EUR 11 million were repaid ahead of schedule in September 2021. The average interest rate of the tranches with fixed interest rates is 1.38% p.a. The registered bonds placed have terms of 12, 15 and 17 years and a fixed interest rate. The tranches amount to EUR 3 million, EUR 33 million and EUR 92 million, respectively, and bear interest at 2.000%, 2.250% and 2.375%. All tranches were issued at par.

Telefónica Deutschland Group also placed promissory note loans in various tranches and a registered bond with a total volume of EUR 250 million in February 2018. The promissory note loans placed have tranches with terms of 1 year with fixed interest, which have already been repaid, as well as terms of 5 and 7 years with variable and fixed interest rates and a 10 year tranche with a fixed interest rate. The respective interest rates for the fixed tranches with terms of 1, 5, 7 and 10 years are 0.03%, 1.051%, 1.468% and 1.962% p.a., respectively. The registered bond has a term of 15 years and a fixed interest rate of 2.506% p.a. All tranches were issued at par. The variable-rate tranches of the promissory note loan in the amount of EUR 104 million were repaid in September 2021; further tranches with a fixed interest rate of more than EUR 23 million and of more than EUR 25 million were repaid on schedule in March 2023 and March 2025 respectively.

On 25 April 2019, Telefónica Deutschland Group placed additional promissory notes in various tranches with a total volume of EUR 360 million. These promissory notes have tranches with terms of five and seven years with floating and fixed interest rates, respectively, and a 10-year fixed-interest tranche. The interest rates for the fixed tranches with 5, 7 and 10 years are 0.893%, 1.293% and 1.786% p.a., respectively. The variable-rate tranches of the promissory note loan in the amount of EUR 212 million were repaid in October 2021; further repayments of EUR 127 million were made in financial year 2024. All tranches were issued at par.

Loans payable

The Group signed a EUR 750 million syndicated revolving credit facility (RCF) on 18 December 2019, which matures on 17 December 2024, with two extension options to the end of 2026. After exercising the second extension option in 2021, the term was extended until 17 December 2026. The credit facility was terminated ahead of schedule by Telefónica Deutschland Group as of 10 January 2025.

As of 31 December 2025, there are unused bilateral revolving credit facilities with various banks in the amount of EUR 95 million.

On 13 June 2016, the Group signed a financing agreement with the European Investment Bank (EIB) to the value of EUR 450 million with a term of 8 years. The funds provided by the EIB were repaid on schedule in equal instalments and repaid in full in February 2025.

Telefónica Germany GmbH & Co. OHG and the EIB also concluded additional loan agreements on 18 December 2019 for EUR 300 million and on 14 January 2020 for EUR 150 million. As of 31 December 2025, the outstanding balance of both loans amounted to a total of EUR 300 million.

The EIB loans have terms until June 2029 and July 2029 respectively as of drawdown and will be repaid in equal instalments. For these financing transactions, the benchmark interest rate for the fixed-interest tranches is determined according to the principles defined by the bodies of the EIB for loans of the same type.

Two ancillary contractual conditions (covenants) must be observed in the context of the loan liabilities to the EIB. Firstly, a nominal minimum amount should be maintained which is not financed by the EIB. Secondly, a fixed minimum share of external financing outside the EIB must be ensured within the Group's financing structure. In order to avoid the effects of a possible breach of the covenants due to the reduction of credit lines and the repayment of the bond due in July, a contractual amendment to one of these conditions was therefore agreed with the EIB in advance. In addition, as part of the contractual arrangements, the EIB issued a waiver in advance, valid until 31 July 2026, for the condition not affected by the contractual amendment. The financing was duly continued without the loans becoming due for repayment or any changes in valuation or collateral. The Group's financial capacity to act was not impaired at any time. There is no indication that the Company will not comply with the covenant after the waiver expires.

Overdraft lines of EUR 1,974 million with a term until 30 June 2026 and EUR 1,504 million with a term until 31 December 2026 remain in place as part of the cash pooling agreements between Telefónica Deutschland Group and Telfisa Global B.V. As of 31 December 2025, these lines had been utilised in the amount of EUR 329 million.

Reconciliation of debt movements to cash flow from financing activities

(in EUR million)	As of 1 January 2025	Cash flow from financing activities *	Additions/ Disposals	Other cash changes	Other non-cash changes	As of 31 December 2025
Bonds	605	(600)		(11)	6	–
Promissory notes and registered bonds	231	(54)		(5)	4	177
Loan liabilities	409	220		(1)	1	629
Interest-bearing debt	1,245	(434)	–	(17)	11	806
Lease liabilities	3,008	(706)	903	(71)	(4)	3,129
Payables – Spectrum	797	(108)	207		(5)	891

(in EUR million)	As of 1 January 2024	Cash flow from financing activities *	Additions/ Disposals	Other cash changes	Other non-cash changes	As of 31 December 2024
Bonds	604	–		(11)	11	605
Promissory notes and registered bonds	359	(127)		(6)	5	231
Loan liabilities	558	(150)		(3)	3	409
Interest-bearing debt	1,521	(277)	–	(19)	20	1,245
Lease liabilities	3,114	(660)	549	(66)	71	3,008
Payables – Spectrum	898	(108)			7	797

*The related interest paid from interest-bearing debt and on lease liabilities is reported under Cash flow from operating activities.

5.12. Lease liabilities

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Lease liabilities	2,467	662	2,401	606

The maturity structure is based on the contractual, undiscounted cash flows. The reconciliation of future lease payments to the lease liabilities (present values) reported in the Consolidated Balance Sheet is as follows:

As of 31 December 2025

(in EUR million)	Present value of lease liabilities	Interest component (discounting effect)	Future lease payments (not discounted)
Due within 1 year	662	68	730
Due between 1 and 5 years	1,674	160	1,834
Due in more than 5 years	793	134	927
Total	3,129	362	3,491

As of 31 December 2024

(in EUR million)	Present value of lease liabilities	Interest component (discounting effect)	Future lease payments (not discounted)
Due within 1 year	606	60	667
Due between 1 and 5 years	1,715	136	1,851
Due in more than 5 years	686	81	768
Total	3,008	278	3,286

The amount of the lease liabilities is primarily influenced by the largely recurring payments during the term of the contract and the discount rate. In this respect, the assessment of if and when potential extension options will be exercised plays a significant role in the measurement of the lease liability.

When determining the incremental borrowing rate that may be used for discounting, various contributing factors such as term, subject matter of the contract and the economic environment are taken into account and are subject to certain discretionary decisions.

5.13. Trade and other payables and contract liabilities

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Trade payables to third parties	–	1,287	–	1,439
Accruals	8	628	9	688
Payables to related parties (>Chapter 12 RELATED PARTIES)	–	75	–	22
Trade payables	8	1,990	9	2,149
Other payables non-trade	–	534	–	533
Other payables to related parties (>Chapter 12 RELATED PARTIES)	2	6	2	36
Miscellaneous payables	23	39	9	84
Other payables	25	579	11	652
Trade and other payables	34	2,569	20	2,801
Contract liabilities	69	531	66	555

Accruals relate mainly to outstanding invoices for goods and services and for non-current assets.

Other payables non-trade mainly comprise liabilities due to personnel and payables from silent factoring.

Miscellaneous payables mainly comprise debtors with credit balances and deferred income. In addition, this item includes a government grant equivalent to the EUR 14 million financial advantage granted in connection with the extension of spectrum licences in financial year 2025. The grant is related to the interest-free deferral granted by the BNetzA and the payment of the frequency fees in instalments instead of as a one-time payment. The resulting financial advantage constitutes a government grant related to assets within the meaning of IAS 20.3 et seqq. and is initially deferred as a liability. The reversal through profit or loss will take place on a scheduled

basis over the term of the underlying spectrum licences. The financing granted will strengthen the investment capacity of Telefónica Deutschland Group in relation to the network and infrastructure and support additional investments to meet the coverage obligations laid down in the notice of extension.

For the maturity profile of the listed liabilities, please refer to the disclosures in >Chapter 15 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT.

Contract liabilities primarily comprise contractual liabilities from customer payments already made on prepaid credit and other advance payments received for future services.

Contract liabilities are broken down by maturity according to their expected utilisation. Contract liabilities arising from advance payments received for prepaid credits are classified exclusively as current.

5.14. Payables – Spectrum

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Payables – Spectrum	708	183	690	107

In financial year 2019, payment obligations in the amount of EUR 1,425 million were incurred in connection with the acquisition of 5G mobile frequency licences. On the basis of the Agreement for the Implementation of the Mobile Communications Summit 2018 concluded with the representatives of the Federal Republic of Germany, it was agreed that the payment obligations from the 2019 spectrum auction are deferred until the respective commencement of the frequency allocation periods and paid in annual instalments until 2030, beginning in 2019, instead of one-time payments.

The extension of the rights of use for the 800 MHz, 1,800 MHz and 2,600 MHz frequency bands until 31 December 2030 required a nominal addition of spectrum liabilities in the amount of EUR 207 million in financial year 2025. This liability will be settled in five equal annual instalments of EUR 41 million in each of the years due: 2026 to 2030.

After discounting and taking into account the instalments of EUR 714 million already paid by the end of 2025 (2024: EUR 606 million), the carrying amount of the liabilities as of 31 December 2025 is EUR 891 million (31 December 2024: EUR 797 million). Under IAS 20.24, the interest advantage resulting from the 2019 spectrum auction was deducted from the investments already made in expansion to reduce acquisition costs. The interest advantage from the frequency extension is shown under other payables as of 31 December 2025 and will be reduced against acquisition costs in the future and amortised over the average useful life of the underlying asset.

There are no non-current payables with a remaining term of more than five years (2024: EUR 142 million).

5.15. Provisions

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Non-current	Current	Non-current	Current
Pension obligations	131	–	130	–
Restructuring	4	12	8	17
Asset retirement obligations	264	8	348	12
Other provisions	21	16	23	10
Provisions	420	36	509	39

Pension obligations

Telefónica Deutschland Group has defined benefit plans. These primarily include defined benefit rights against an external provident fund (Gruppen-Unterstützungskasse), which is managed in accordance with its Articles of Association, and direct commitments.

The overriding investment policy and strategy for the defined benefit plans are based on the goal of generating returns from the plan assets as well as from the reimbursement rights deriving from insurance policies which, together with the contributions, are sufficient to meet the pension obligations.

The plan assets are invested in reinsurance policies that are concluded directly by Telefónica Deutschland Group or indirectly by the provident fund. The reimbursement rights from insurance policies result from those reinsurance policies, which were not pledged to the employees.

The requirements for the financing of pension obligations arise from the financing strategy of the provident fund and are anchored in its guidelines. The guidelines define that the expected defined benefit obligation will be settled by the provident fund. They are fully financed by Telefónica Deutschland Group. Telefónica Deutschland Group provides the provident fund with the necessary financial resources.

However, under its Articles of Association, the fund must cease or reduce its payments if the company does not make, or no longer makes, the necessary financial resources available to the fund. In this case, employees can assert their legal right to post-employment benefits against Telefónica Deutschland Group.

The benefits paid include old age pensions, payments for the inability to work and benefits in the event of death to surviving dependants. The amount of the pension commitments for the defined benefit pension plans is based on the respective annual financial contribution (pension component) of each individual employee depending on their length of service, gender and age on the reporting date. The amount of the monthly pension benefit is the sum of the pension components. Payment of

old-age pensions begins at the age of 62. Employees who were already entitled to a pension before 1 January 2012 start receiving their pension at the age of 60 rather than 62. On each reporting date, the pension entitlement is increased in line with the profit participation of the reinsurance policy taken out by the pension fund.

In order to minimise the biometric risks of the committed benefits (such as an early benefits claim through invalidity or death of the beneficiary), the pension or promised retirement capital is covered to the full extent (congruent) or in part by reinsurance policies. In addition, the pledging of the reinsurance policies to the pension beneficiary acts as security for the claims of the beneficiary in the event of the insolvency of the sponsoring company.

This defined benefit plan is subject to actuarial and financial risks such as life expectancy and interest rate risk as well as inflation risk. In addition, all reinsurance policies are essentially concluded with an insurance company.

With effect from financial year 2023, Telefónica Deutschland Group will no longer make any new defined benefit pension commitments. Instead, new employees receive an annual employer's contribution to their individual pension plan. The expenses for financial year 2025 in connection with the employer's contribution amount to EUR 2 million (2024: EUR 2 million).

In financial year 2025, the employer's contribution to the statutory pension insurance amounted to EUR 45 million (2024: EUR 44 million).

In addition, Telefónica Deutschland Group arranges defined contribution plans for employees. The contribution recorded for the defined contribution plan amounts to EUR 2 million (2024: EUR 2 million).

The following table contains the key data for the defined benefit plans:

(in EUR million)	As of 31 December 2025	As of 31 December 2024
Present value of defined benefit obligation from funded plans	(105)	(104)
Present value of defined benefit obligation from unfunded plans	(124)	(121)
Present value of the defined benefit obligation	(229)	(226)
Fair value of plan assets	108	106
Surplus	10	10
Pension provisions	(131)	(130)
Reimbursement rights from insurance contracts	113	105

The development of the present value of the defined benefit obligations in 2025 and 2024 was as follows:

(in EUR million)	2025	2024
Present value of the defined benefit obligation as of 1 January	(226)	(236)
Current service costs (personnel expenses)	(11)	(11)
Interest expense (financial result)	(8)	(8)
Remeasurement of the present value of the pension obligation	8	23
<i>thereof: actuarial gains arising from changes in financial assumptions</i>	25	10
<i>thereof: experience-based adjustments</i>	(17)	14
Benefits paid	8	6
Present value of the defined benefit obligation as of 31 December	(229)	(226)

The development of the present value of plan assets in financial years 2025 and 2024 was as follows:

(in EUR million)	2025	2024
Fair value of plan assets as of 1 January	106	103
Return on plan assets excluding amounts included in net interest income/(expense)	0	0
Interest income (financial result)	3	4
Employer contributions	2	2
Benefits paid	(4)	(3)
Other	(0)	(1)
Fair value of plan assets as of 31 December	108	106

The fair value of the reimbursement rights from insurance contracts developed in 2025 and 2024 as follows:

(in EUR million)	2025	2024
Fair value of reimbursement rights from insurance contracts as of 1 January	105	98
Return on reimbursement rights excluding amounts included in net interest income/(expense)	(1)	(4)
Interest income (financial result)	4	4
Employer contributions	8	8
Benefits paid	(3)	(2)
Other	0	1
Fair value of reimbursement rights from insurance contracts as of 31 December	113	105

The amounts recognised under "Other" for plan assets and for reimbursement rights are a result of the ban on setoffs of reimbursement rights that have not been pledged against plan assets.

In 2025, as in the previous year, there was no asset ceiling. A surplus cover of EUR 10 million results (2024: EUR 10 million), which is reported under other financial assets.

The main actuarial assumptions on which the determination of the present value of the defined benefit obligation as of the reporting date is based are provided in the following table (factors represent averages).

	2025	2024
Discount rate	4.06%	3.38%
Nominal rate of pension payment increase	1.0%/2.0%	1.0%/2.0%
Fluctuation rate	5.7%	5.9%

To determine the interest rate for the defined benefit pension plans, the "bond universe" is first established on the basis of the AA corporate bonds available on the reporting date. On the basis of these bonds a yield curve is calculated. Then a uniform average interest rate is calculated using a cash flow that corresponds to the duration of Telefónica Deutschland Group's portfolio. This latter interest rate is the actuarial discount rate used.

The determination of the expected increase in pensions is aligned with the long-term inflation expectations in the euro area.

The mortality tables on which the actuarial calculation of the DBO as of the reporting dates is based for 2024 and 2025 are the Heubeck 2018G mortality tables.

(in years)	2025	2024
Life expectancy at age 65 for a retiree currently	23	23
Life expectancy of a currently aged 40 deferred member at age 65	26	26

An increase or decrease in the main actuarial assumptions would have had the following effects on the present value of the defined benefit obligations as of 31 December 2025:

(in EUR million)	Increase in parameters	Decrease in parameters
Discount rate (+0.5%/-0.5%)	(16)	18
Pension change (+0.50%/-0.50%)	8	(7)
Turnover rate (+1.00%/-1.00%)	(0)	0
Life expectancy (+1 year)	6	-

Increases and reductions in the discount rate and increases to pension payments do not have the same impact on the determination of the DBO due to the interest rate effects. If several assumptions are changed at the same time, the overall effect will not necessarily correspond to the sum of the individual effects due to the changes in the assumptions. In

addition, the sensitivity of a change in the DBO only reflects each specific order of magnitude in the change of assumptions (for example 0.5%). If the assumptions change by a different order of magnitude, the effect on the DBO does not necessarily have to be linear.

The following table contains information regarding the analysis of the due date of expected payments:

(in EUR million)	1 January to 31 December 2025	1 January to 31 December 2024
Benefits expected to be paid within year 1	8	6
Benefits expected to be paid within year 2	7	5
Benefits expected to be paid within year 3	8	6
Benefits expected to be paid within year 4	9	7
Benefits expected to be paid within year 5	9	8
Benefits expected to be paid within 6 to 10 years	57	49

The average expected term of the defined benefit obligations is 15.7 years in financial year 2025 (2024: 16.4 years).

The best estimate of the contributions paid into the plans in the financial year ending 31 December 2026 is EUR 10 million (previous year: EUR 11 million).

Other provisions

(in EUR million)	Restructuring	Asset retirement obligations	Other	Total
As of 1 January 2025	25	360	33	418
Additions	2	16	23	40
Utilisation	(8)	(12)	(9)	(29)
Release	(3)	(100)	(11)	(113)
Interest effect	-	8	1	9
As of 31 December 2025	16	272	37	325
thereof: non-current	4	264	21	289
thereof: current	12	8	16	36

(in EUR million)	Restructuring	Asset retirement obligations	Other	Total
As of 1 January 2024	38	354	42	434
Additions	1	32	10	43
Utilisation	(12)	(10)	(11)	(33)
Release	(2)	(24)	(9)	(35)
Interest effect	–	7	0	8
As of 31 December 2024	25	360	33	418
thereof: non-current	8	348	23	379
thereof: current	17	12	10	39

The provisions for restructuring as of 31 December 2025 primarily relate to obligations from severance agreements. These additions are recognised in personnel expenses and other expenses (for further information see >Chapter 6.3 PERSONNEL EXPENSES and >Chapter 6.4 OTHER EXPENSES).

The provisions for asset retirement obligations include the estimated costs for the dismantling and removal of assets, including active and passive mobile equipment such as operating facilities and technology. Since both the future decommissioning costs and the payment date are uncertain at the time the contract is concluded, they are based on estimates. The estimates are based primarily on existing contracts with service providers.

Additions of EUR 16 million from dismantling are mainly attributable to volume adjustments. The releases of EUR 100 million mainly relate to interest effects.

Decisions on the recognition and valuation of provisions generally involve a high degree of discretion. The amount of the provision is determined based on the best estimate of the outflow of resources required to settle the obligation, bearing in mind all available information at the reporting date, including the opinions of independent experts, such as legal counsel or consultants. In addition, assumptions are made about the probabilities of future outflows of resources.

In principle, this also applies to employee termination benefits. If employees are offered voluntary severance, the benefits are measured on the basis of the number of employees expected to accept the offer. These benefits are recognised at the amount of the obligation regardless of its term.

The amount for termination benefits is determined on the basis of various assumptions, which also require judgements and estimates and can therefore entail uncertainties. These primarily include the assumed salary, length of employment and gardening leave period until the date of departure.

6. Selected Explanatory Notes to the Consolidated Income Statement

International conflicts

International conflicts continued to have a negative impact on the global economy in 2025, and Telefónica Deutschland Group was unable to completely escape the effects of this. Political tensions between various countries led to noticeable impacts on supply chains, particularly for grid technology and radio towers. This led to a critical risk categorisation of the geopolitical risk.

To counter these risks, Telefónica Deutschland Group strives to avoid possible dependencies on individual suppliers and

to maintain appropriate inventories. The management team continues to monitor, analyse and assess the potential impact of international conflicts on our business activities.

Climate change

There was no significant impact on Telefónica Deutschland Group's financials from climate change in financial year 2025. However, we are monitoring potential climate risks and do not currently expect any direct damage from climate change.

6.1. Revenues

1 January to 31 December

(in EUR million)	2025	2024
Rendering of services	6,369	6,669
Other revenues	1,803	1,823
Revenues	8,172	8,492

Revenues from the rendering of services include mobile service revenues and fixed-network business revenues. Other revenues include hardware revenues and miscellaneous other revenues.

The breakdown of revenues according to mobile business and fixed business is shown in the following table:

1 January to 31 December

(in EUR million)

	2025	2024
Mobile business revenues	7,233	7,596
Mobile service revenues	5,483	5,812
Hardware revenues	1,750	1,785
Fixed business revenues	886	857
Other revenues	53	38
Revenues	8,172	8,492

Mobile service revenues

The mobile service revenues are largely based on basic fees and the fees levied for voice (including incoming and outgoing calls), messaging (including SMS and MMS) and mobile data services as well as service contracts. Alongside roaming revenues, mobile service revenues include access and interconnection fees that are paid for by other service providers for calls and SMS messages delivered via our network. In addition, one-time connection charges are included insofar as these have been allocated to mobile communications services.

Hardware revenues

Hardware revenues include the income from the sale of mobile phones as part of the O₂ My Handy model and from cash sales. It also includes revenues from the sale of mobile devices to distributors and partners and from the sale of accessories. With

the O₂ My Handy model, payment is made either immediately or as an initial payment followed by 24 or 36 monthly instalments.

Fixed business revenues

Fixed business revenues comprise mainly revenues from services for private customers, activation fees for private customers, revenues from mobile devices and one-off items (e.g. fees for change of address, number transfers etc.), data traffic revenues from telecommunications service providers in connection with the sale and trade of minutes between telecommunications service providers to connect their customer calls via the networks of other operators.

Other revenues

Other revenues relate to income from associated companies such as UGG (Unsere Grüne Glasfaser), income from sublicensing IT applications to business partners, income from operating leases and business with mobility data.

Contract assets and contract liabilities from customer contracts

(in EUR million)

	31 December 2025	31 December 2024
Contract asset	65	42
Contract liabilities	600	621

(in EUR million)

	2025	2024
Amounts recognised in contract liabilities at the beginning of the period that resulted in revenue in the reporting period.	555	522

Telefónica Deutschland Group receives payments from customers on the basis of a billing schedule which is part of the individual contracts. The contract asset refers to the entitlement to consideration for the performance of the contractual services to be rendered. The contract asset represents amounts related to contracts where Telefónica Deutschland Group has satisfied its performance obligations by transferring mobile devices and performing mobile services or fixed-network services before consideration was paid or became due. Amounts already reported as receivables are not taken into account in the recognition of the contract asset.

Receivables are recognised when the right to receive the consideration becomes unconditional, as the payment due date is dependent only on the course of time.

The contract liability relates to payments received prematurely, i.e. before the contractual services have been fully performed. Contract liabilities are recognised as revenue as soon as (or when) Telefónica Deutschland Group provides the contractual services.

The changes in the contract assets or contract liabilities mainly result from the (not yet effected) satisfaction of the respective performance obligations.

Future revenues from (partially) unsatisfied performance obligations

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Of which expected to be fulfilled in =/< 12 months	Of which expected to be fulfilled in > 12 months	Of which expected to be fulfilled in =/< 12 months	Of which expected to be fulfilled in > 12 months
Total amount of performance obligations contracted but not yet (fully) satisfied as of 31 December	1,451	348	1,593	439

In accordance with IFRS 15.120, practical expedients were applied in accordance with IFRS 15.121. This relates to performance obligations from contracts with a maximum term of one year and those for which revenue is recognised at the same time as the invoice is issued. The transaction price allocated to these partially or not yet fulfilled obligations is therefore not included in the disclosure.

The recognition of revenues is based on assumptions and estimates that can have a significant influence on the amount and timing of revenues:

Determining the stand-alone selling price of the performance obligation postpaid mobile service tariff:

Every postpaid mobile service tariff is classified as a distinct performance obligation as part of the identification of the distinct performance obligations in the five-step model of IFRS 15. To determine the stand-alone selling price of this performance obligation, the transaction price specified on the invoice is used first. Taking into account the average discounts granted to customers of Telefónica Deutschland Group, this transaction price is then reduced by a lump sum rate in the

second step. The reduced transaction price corresponds to the stand-alone selling price of the above-mentioned performance obligation.

Determination of the average term of the lease:

Telefónica Deutschland Group offers customers the option of concluding contracts with a fixed minimum term. When concluding such a term contract, both Telefónica Deutschland Group and the customer are initially bound by the respective contract term. However, Telefónica Deutschland Group grants the customer the right to extend the contract prematurely. The contract extensions regularly exercised by customers within this framework lead to an overall reduction in the enforceable minimum contract term.

In the portfolio approach, the term is calculated on the basis of historical values and is taken into account accordingly when determining the transaction price.

Potential changes in estimates could lead to changes in both the amount and timing of future recognition of revenues.

6.2. Other income

1 January to 31 December

(in EUR million)	2025	2024
Own work capitalised	155	149
Other	68	43
Other income	222	192

Own work capitalised includes the capitalisation of expenses for internal employees as part of investment projects. In the reporting year, 59% (previous year: 60%) of own work capitalised was attributable to the expansion of the network, while 41% (previous year: 40%) was allocated to IT projects.

The item Other mainly includes claims for damages and contractual penalties as well as gains from the disposal of assets. In the financial year, EUR 21 million (including compensation, dunning and similar fees) was reported under other income for the first time; in the previous year, it was reported under other expenses.

6.3. Personnel expenses

In financial year 2025, personnel expenses totalled EUR 718 million (2024: EUR 700 million). Thereof, EUR 598 million (2024: EUR 589 million) relate to wages and salaries, EUR 105 million (2024: EUR 96 million) to social security and EUR 14 million (2024: EUR 15 million) to pensions. Personnel expenses from share-based payments are presented in >Chapter 13 SHARE-BASED PAYMENTS; personnel expenses relating to pension plans are presented in >Chapter 5.15 PROVISIONS.

As in the previous year, exceptional effects from restructuring measures amounting to EUR 1 million are included in the income statement (previous year: EUR 1 million) (>Chapter 5.15 PROVISIONS).

6.4. Other expenses

1 January to 31 December

(in EUR million)

	2025	2024
Other third-party services	(2,244)	(2,280)
Advertising	(197)	(250)
Other operating expenses	(70)	(44)
Allowance for current assets	(8)	(8)
Other expenses	(2,520)	(2,582)

Other third-party services mainly include commissions, expenses for external services to maintain ongoing business operations and fees for consulting services, repair and maintenance expenses, as well as expenses for operating

equipment. Individual items that were reported as other expenses in the previous year are presented under other income in financial year 2025. For further information, see >Chapter 6.2 OTHER INCOME.

6.5. Depreciation and amortisation

1 January to 31 December

(in EUR million)

	2025	2024
Amortisation of intangible assets	(682)	(767)
Depreciation of property, plant and equipment	(750)	(759)
Depreciation of right-of-use assets	(716)	(688)
Depreciation and amortisation	(2,148)	(2,214)

6.6. Financial result

1 January to 31 December

(in EUR million)

	2025	2024
Interest income from financial assets	19	23
Interest expenses from financial assets	(46)	(56)
Interest expenses on lease liabilities	(71)	(66)
Interest expenses from financial liabilities	(40)	(45)
Interest component from measurement of provisions and other liabilities	(15)	(13)
Other exchange (losses)/gains	1	(1)
Financial result	(152)	(159)

Interest income from financial assets mainly includes interest income from cash pooling, interest on arrears received and interest income from the interest effect of the outstanding purchase price receivable relating to the sale of significant parts of the business operations of the rooftop sites. Interest expenses from financial assets in financial year 2025 consist primarily of interest expenses for factoring transactions.

Interest expenses from financial liabilities mainly result from overdrafts that have been utilised, interest on the bond issued in 2018 until its repayment in July 2025, interest obligations from spectrum liabilities, and the promissory notes and registered bonds issued in February 2018 and April 2019. They also include interest from financing agreements with the European Investment Bank (EIB), which were signed on 13 June 2016, 18 December 2019 and 14 January 2020.

6.7. Income taxes

Consolidated income tax group

As of 31 December 2025, the consolidated income tax group of Telefónica Deutschland Group comprised 13 (2024: 13) companies. A full tax rate of 32% (previous year: 32%) is generally used as the Group tax rate in the deferred and current tax calculation, which consists of the corporate income tax rate and solidarity surcharge of 15.825% (previous year: 15.825%) plus the

weighted trade tax rate of 16.175% (previous year: 16.175%). On a periodic basis, the future reduction in the corporate income tax rate by a total of 5 percentage points (1 percentage point per year from 2028 to 2032) will result in lower tax rates in some cases.

After proportionate offsetting against tax losses carried forward for trade tax purposes, Telefónica Deutschland Group recorded

positive trade income in 2025, whereas no positive taxable income was generated for corporate income tax purposes.

Current and deferred taxes

1 January to 31 December

(in EUR million)

	2025	2024
Current tax expense	(5)	(30)
Deferred tax income/(expense)	21	36
Income taxes	15	6

The movements in deferred taxes are as follows:

(in EUR million)

	2025	2024
Total deferred tax assets as of 1 January	336	309
Deferred tax income/(expense)	21	36
Amount of deferred taxes recognised directly in equity as shown in the Consolidated Statement of Comprehensive Income or in Other comprehensive income	(3)	(8)
Total deferred tax assets as of 31 December	353	336

Tax income in the amount of EUR 15 million reported in financial year 2025 (previous year: EUR 6 million) includes current tax expenses of EUR 5 million (previous year: EUR 30 million). This includes EUR 3 million in out-of-period tax expenses (previous year: tax income of EUR 7 million). The tax income also includes changes in deferred taxes of EUR 21 million (previous year: EUR 36 million). The deferred tax income reported in profit or loss includes changes to taxable temporary differences and the additional capitalisation of deferred tax assets on tax losses carried forward.

Tax losses carried forward and temporary differences

The tax losses carried forward for which no deferred tax assets are recognised as of 31 December 2025 amount to EUR 13,646 million for corporate income tax and EUR 12,794 million for trade tax (2024: EUR 14,066 million and EUR 13,239 million). Additional tax losses carried forward that are currently not available for utilisation within the tax consolidation, for which no deferred tax assets are recognised, amount to EUR 289 million for corporate income tax and EUR 604 million for trade tax (2024: EUR 289 million and EUR 604 million).

Alongside the proportional utilisation of tax losses in the current year for trade tax purposes and the accrual of tax losses carried forward for corporate income tax purposes, tax losses carried forward continue to accrue through the additional capitalisation of deferred taxes and through adjustments made in the previous year, particularly during the conclusion of external tax audits. This retroactive increase in the tax losses carried forward from the previous year's adjustments did not affect the current tax or the deferred tax assets on the tax losses carried forward recognised in the previous periods and in the current year as this increase concerns only tax losses carried forward that cannot be recognised.

The total deferred tax assets and liabilities amount to EUR 353 million (2024: EUR 336 million).

The breakdown of deferred tax assets and deferred tax liabilities from temporary differences and tax losses carried forward is as follows:

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Goodwill and other intangible assets	63	(216)	127	(244)
Tangible assets	0	(22)	–	(72)
Right-of-use assets	–	(1,040)	–	(967)
Non-current amortisable costs of obtaining a contract	–	(46)	–	(43)
Other non-current financial assets	3	(37)	–	(32)
Current amortisable costs of obtaining a contract	–	(139)	–	(136)
Other current financial assets	9	(3)	10	(1)
Trade and other receivables	94	(6)	60	–
Financial liabilities, trade and other payables	7	(21)	0	(34)
Provisions including pension obligations	58	(12)	105	(2)
Non-current lease liabilities	789	–	768	–
Other non-current financial liabilities	–	(9)	–	–
Current lease liabilities	210	–	195	–
Other current financial liabilities	–	(0)	–	(3)
Tax losses carried forward	669	–	604	–
Deferred tax assets/(liabilities) gross	1,902	(1,550)	1,870	(1,534)
thereof: non-current	1,684	(1,408)	1,665	(1,394)
Netting	(1,234)	1,234	(1,265)	1,265
Deferred tax assets/(liabilities) after netting according to Consolidated Balance Sheet	669	(316)	604	(269)
Total deferred tax assets/(liabilities)	353	–	336	–

Telefónica Deutschland Group assesses the recoverability of deferred tax assets based on estimates of future results. The ability to recover these deferred tax assets depends ultimately on Telefónica Deutschland Group's ability to generate taxable income over the period for which the deferred tax assets remain deductible. This analysis is based on the estimated schedule for reversing deferred tax liabilities, as well as estimates of the taxable income, which are based on internal forecasts and updated to reflect the latest trends and estimates. In each case, a time horizon of seven years is used for the recoverability of deferred tax assets as well as for the tax planning.

Temporary differences that will likely only materialise in the long term were valued at lower tax rates due to the future reduction in the corporate income tax rate by a total of 5 percentage points (1 percentage point per year from 2028 to 2032), resulting in a reduction in remaining deferred tax liabilities of EUR 40 million. Similarly, deferred tax assets from tax losses carried forward, which are only expected to be utilised in the long term, were measured at the lower tax rates due to the upcoming reduction in the corporate income tax rate.

The recognition of tax assets and liabilities depends on a series of factors, including estimates with respect to timing and the realisation of deferred tax assets and the projected tax

payment schedule. Actual income tax receipts and payments of Telefónica Deutschland Group could differ from the estimates made by Telefónica Deutschland Group as a result of changes in tax legislation or unforeseen transactions that could affect the tax balance. For uncertainties over income tax treatments, around EUR 10 million was carried as a liability in financial year 2025 (2024: EUR 9 million) in accordance with IFRIC 23.

Telefónica Deutschland Group is subject to the regulations of the OECD Pillar Two model. Pillar Two legislation was enacted in Germany and has been in effect since 1 January 2024. Telefónica Deutschland Group makes use of the exemption from accounting for deferred taxes related to Pillar Two income taxes, which was the subject of the amendment to IAS 12 published in May 2023.

In consultation with the ultimate Spanish parent company, Telefónica Deutschland Group has carried out a detailed assessment of the impact of the Pillar Two rules. It is not possible for Germany to make use of safe harbour regulations. Based on the full calculation, no additional tax liabilities have been identified in Germany in connection with the Pillar Two rules.

Reconciliation of earnings before tax to income tax expense recognised

1 January to 31 December

(in EUR million)

	2025	2024
Profit/(loss) before tax	152	330
Tax expense at prevailing statutory rate (32%)	(49)	(106)
Use of tax losses carried forward for previously unrecognised deferred taxes	22	(0)
Effects of tax rate changes	(10)	-
Non-deductible expenses	(13)	(15)
Change in unrecognised temporary differences and tax losses carried forward	66	127
Deferred taxes related to other periods	1	(10)
Current taxes related to other periods	(3)	7
Other	(0)	2
Income taxes	15	6
Current tax income/(expense)	(5)	(30)
Deferred tax income/(expense)	21	36
Income taxes	15	6
Effective overall tax rate	-10%	-2%

7. Earnings Per Share

Basic earnings per share are calculated by dividing the profit after tax for the reporting period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the reporting period.

Diluted earnings per share are calculated by adjusting the profit after tax for the reporting period attributable to the ordinary shareholders of the parent company and the weighted average

number of ordinary shares outstanding in the reporting period for the effects of dilutive potential ordinary shares.

During the reporting period, there were no significant potential ordinary shares that could have triggered a dilution effect. Diluted earnings per share are therefore the same as basic earnings per share.

1 January to 31 December

(in EUR million)

	2025	2024
Total profit/(loss) attributable to ordinary shareholders of the parent company	167	336
Weighted average number of ordinary shares issued (in million units)	2,975	2,975
Basic earnings per share in EUR	0.06	0.11

8. Further Information on Financial Assets and Financial Liabilities

In the following tables, the fair values of all financial assets and financial liabilities of Telefónica Deutschland Group are disclosed in accordance with the measurement categories as determined by IFRS 9 with regard to the requirements of IFRS 13.

As of 31 December 2025, the carrying amount of current financial assets and financial liabilities represents an appropriate approximation of fair value.

In addition, the tables show the categorisation of the financial assets and financial liabilities in accordance with the importance of the input factors that were used for their respective measurement. The review is performed successively from level to level. The first stage is given priority and the subsequent

stages are only used for measurement if the requirements for the input factors of the first stage could not be fulfilled. For this purpose, three levels or measurement hierarchies are defined:

Level 1: Input factors at this level are quoted (unadjusted) prices for identical assets or liabilities in active markets accessible to the entity on the measurement date.

Level 2: Second-level input factors are market prices other than those quoted at level one that are observable either directly or indirectly for the asset or liability.

Level 3: Input factors that are not observable for the asset or liability.

As of 31 December 2025

Financial Assets

(in EUR million)	Measurement hierarchy								
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Not in the scope of IFRS 7 (**)	Total carrying amount	Level 1 (Quoted prices)	Level 2 (Significant other observable input parameters)	Level 3 (Significant unobservable input parameters)	Total fair value
Non-current trade and other receivables (>Chapter 5.5)	–	198	–	–	198	–	198	–	198
Other non-current financial assets (>Chapter 5.6)	3	–	8	136	146	–	15	3	18
<i>thereof: investments in start-ups</i>	3	–	–	–	3	–	–	3	3
<i>thereof: net investment in the lease</i>	–	–	–	7	7	–	7	–	7
<i>thereof: other</i>	–	–	8	129	137	–	8	–	8
Current trade and other receivables (>Chapter 5.5)	–	563	578	393	1,534	–	563	–	N/A (*)
Other current financial assets (>Chapter 5.6)	0	–	92	5	98	0	–	–	N/A (*)
<i>thereof: investments in start-ups</i>	0	–	–	–	–	0	–	–	N/A (*)
<i>thereof: net investment in the lease</i>	–	–	–	5	–	–	–	–	N/A (*)
<i>thereof: other</i>	–	–	92	–	92	–	–	–	N/A (*)
Cash and cash equivalents (>Chapter 5.9)	–	–	232	–	232	–	–	–	N/A (*)
Total	3	761	911	534	2,209	0	776	3	216

As of 31 December 2024

Financial Assets

(in EUR million)	Measurement hierarchy								
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Not in the scope of IFRS 7 (**)	Total carrying amount	Level 1 (Quoted prices)	Level 2 (Significant other observable input parameters)	Level 3 (Significant unobservable input parameters)	Total fair value
Non-current trade and other receivables (>Chapter 5.5)	–	200	–	–	200	–	200	–	200
Other non-current financial assets (>Chapter 5.6)	3	–	100	128	230	–	106	3	109
<i>thereof: investments in start-ups</i>	3	–	–	–	3	–	–	3	3
<i>thereof: net investment in the lease</i>	–	–	–	8	8	–	8	–	8
<i>thereof: other</i>	–	–	100	120	220	–	98	–	98
Current trade and other receivables (>Chapter 5.5)	–	464	611	387	1,463	–	464	–	N/A (*)
Other current financial assets (>Chapter 5.6)	0	–	102	5	107	0	–	0	N/A (*)
<i>thereof: investments in start-ups</i>	0	–	–	–	0	0	–	0	N/A (*)
<i>thereof: net investment in the lease</i>	–	–	–	5	5	–	–	–	N/A (*)
<i>thereof: other</i>	–	–	102	–	102	–	–	–	N/A (*)
Cash and cash equivalents (>Chapter 5.9)	–	–	402	–	402	–	–	–	N/A (*)
Total	3	664	1,215	520	2,402	0	770	3	308

(*) The carrying amount of current financial assets corresponds to the fair value.

(**) These instruments are not included in the calculation of fair value.

The fair value of other non-current financial assets is determined by discounting future cash flows at current market interest rates.

In addition, EUR 3 million (2024: EUR 3 million) of other non-current financial assets and EUR 0 million (2024: EUR 0 million) of other current financial assets are classified as financial assets measured at fair value through profit or loss. These relate primarily to investments in start-ups. These assets were measured according to Level 3 for the investments reported in other non-current financial assets and Level 1 for the investments reported in other current financial assets. The fair value measurement according to Level 3 is based on existing business plans with assumptions regarding future business

development. The measurement at fair value according to Level 1 is based on primary market values observed on equity markets.

Trade receivables were partly classified as financial assets measured at fair value through other comprehensive income. These are receivables that can be sold as part of factoring transactions. For receivables, the fair value is determined by a risk discount based on the credit risk. In addition, a discount rate recognised in other comprehensive income is taken into account when determining the fair value of receivables.

All other financial assets as of 31 December 2025 were categorised as financial assets measured at amortised cost.

As of 31 December 2025

Financial liabilities

(in EUR million)	Measurement hierarchy						Total fair value
	Financial liabilities measured at amortised cost	Not in the scope of IFRS 7 (**)	Total carrying amount	Level 1 (Quoted prices)	Level 2 (Significant other observable input parameters)	Level 3 (Significant unobservable input parameters)	
Non-current interest-bearing debt (>Chapter 5.11)	387	–	387	–	370	–	370
Non-current trade and other payables (>Chapter 5.13)	22	12	34	–	22	–	22
Non-current payables - Spectrum (>Chapter 5.14)	708	–	708	–	676	–	676
Current interest-bearing debt (>Chapter 5.11)	419	–	419	–	–	–	n/a (*)
Current trade and other payables (>Chapter 5.13)	2,029	540	2,569	–	–	–	n/a (*)
Current payables - Spectrum (>Chapter 5.14)	183	–	183	–	–	–	n/a (*)
Total	3,747	552	4,299	–	1,068	–	1,068

As of 31 December 2024

Financial liabilities

(in EUR million)	Measurement hierarchy						Total fair value
	Financial liabilities measured at amortised cost	Not in the scope of IFRS 7 (**)	Total carrying amount	Level 1 (Quoted prices)	Level 2 (Significant other observable input parameters)	Level 3 (Significant unobservable input parameters)	
Non-current interest-bearing debt (>Chapter 5.11)	474	–	474	–	440	–	440
Non-current trade and other payables (>Chapter 5.13)	9	11	20	–	9	–	9
Non-current payables - Spectrum (>Chapter 5.14)	690	–	690	–	630	–	630
Current interest-bearing debt (>Chapter 5.11)	771	–	771	595	–	–	n/a (*)
Current trade and other payables (>Chapter 5.13)	2,271	530	2,801	–	–	–	n/a (*)
Current payables - Spectrum (>Chapter 5.14)	107	–	107	–	–	–	n/a (*)
Total	4,321	541	4,862	595	1,079	–	1,079

(*) The carrying amount of current financial assets corresponds to the fair value.

(**) These instruments are not included in the calculation of fair value.

As of 31 December 2025, none of the current interest-bearing debt was included in a hedging relationship.

In the previous year, the fair value of the bonds outstanding at the time (non-current and current interest-bearing debt) was determined based on primary market values (unadjusted quoted prices in active markets, level 1). The bonds outstanding

in the previous year were repaid in full in financial year 2025. The fair value of the other non-current interest-bearing debt is calculated by discounting the future cash flows using current market interest rates plus a credit spread. The credit spread is derived from the traded bonds of Telefónica Deutschland Group and is taken into account in discounting, matched to the duration.

Interest-bearing debt as of 31 December 2025 mainly comprises promissory notes and registered bonds with a total nominal

value of EUR 174 million (2024: EUR 228 million) and a loan from the European Investment Bank (EIB) of EUR 300 million (2024: EUR 408 million). In addition, EUR 329 million of the intra-Group overdraft facility had been drawn down.

The non-current and current trade and other payables are categorised as financial liabilities at amortised cost.

Please see the respective notes for further information.

The following table shows the net gains and losses per measurement category in accordance with IFRS 9:

1 January to 31 December 2025 (in EUR million)	Amortised cost		At fair value through profit or loss	At fair value through other comprehensive income
	Financial assets	Financial liabilities	Financial assets	Financial assets
Currency gains/currency losses	0	1	-	-
Result from valuations	-	-	(0)	0
Impairment/reversal of impairment losses	(41)	-	-	(51)
Effective interest income	15	-	-	-
Effective interest expense	-	(88)	-	-
Total	(27)	(87)	(0)	(50)

1 January to 31 December 2024 (in EUR million)	Amortised cost		At fair value through profit or loss	At fair value through other comprehensive income
	Financial assets	Financial liabilities	Financial assets	Financial assets
Currency gains/currency losses	(0)	(1)	-	-
Result from valuations	-	-	(0)	9
Impairment/reversal of impairment losses	(31)	-	-	(61)
Effective interest income	17	-	-	-
Effective interest expense	(4)	(99)	-	-
Total	(19)	(100)	(0)	(52)

Netting

Financial assets and financial liabilities are offset, and the net amount is reported in the Consolidated Balance Sheet, when the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle

on a net basis, or to realise the asset and settle the liability simultaneously.

The following table presents the amounts of financial assets and financial liabilities that are offset as of 31 December 2025.

As of 31 December 2025

(in EUR million)	Trade receivables	Trade payables
Gross amounts	1,358	1,936
Amounts set off in the Consolidated Balance Sheet in accordance with IAS 32.42	(26)	(26)
Net amounts presented in the Balance Sheet	1,332	1,910

As of 31 December 2024

(in EUR million)	Trade receivables	Trade payables
Gross amounts	1,266	2,147
Amounts set off in the Consolidated Balance Sheet in accordance with IAS 32.42	(12)	(12)
Net amounts presented in the Balance Sheet	1,255	2,136

Offsetting is mainly applied for roaming fees and for receivables and payables in the sales business.

9. List of Shareholdings and Changes in the Group Structure

In accordance with Sections 285 and 313 of the German Commercial Code (HGB), the following table lists the companies making up Telefónica Deutschland Group as of 31 December 2025.

For detailed information, please refer to the list of shareholdings published with the Annual Financial Statements of Telefónica Deutschland Holding AG in the company register.

As of 31 December 2025 Company name, registered office	Country	Consolidation	Share in %	Equity 31 December 2024 (in EUR million) ⁵	Result in financial year 2024 (in EUR million) ⁵
Parent company					
Telefónica Deutschland Holding AG, Munich, Germany	Germany	N/A	N/A	5,841	(12)
Subsidiaries					
Telefónica Germany Management GmbH, Munich ²	Germany	Full financial year	100%	27	9
Telefónica Germany GmbH & Co. OHG, Munich ^{1,4}	Germany	Full financial year	100%	4,874	373
Telefónica Germany 1. Beteiligungsgesellschaft mbH, Munich ^{2,4,6}	Germany	Full financial year	100%	86	-*
TGCS Rostock GmbH, Munich ^{2,6}	Germany	Full financial year	100%	15	-*
Telefónica Germany Business Sales GmbH, Düsseldorf ⁶	Germany	Full financial year	100%	5	0
Telefónica Germany Retail GmbH, Düsseldorf ^{2,6}	Germany	Full financial year	100%	107	-*
Wayra Deutschland GmbH, Munich ^{2,6}	Germany	Full financial year	100%	2	-*
O2 Telefónica Deutschland Finanzierungs GmbH, Munich ^{2,6}	Germany	Full financial year	100%	0	-*
TGCS Bremen GmbH, Munich ^{2,6}	Germany	Full financial year	100%	2	-*
TGCS Hamburg GmbH, Munich ^{2,6}	Germany	Full financial year	100%	2	-*
TGCS Nürnberg GmbH, Munich ^{2,6}	Germany	Full financial year	100%	4	-*
E-Plus Service GmbH, Düsseldorf ^{2,6}	Germany	Full financial year	100%	78	-*
AY YILDIZ Communications GmbH, Düsseldorf ^{2,6}	Germany	Full financial year	100%	5	-*
Ortel Mobile GmbH, Düsseldorf ^{2,6}	Germany	Full financial year	100%	5	-*
TCFS Potsdam GmbH, Potsdam ^{2,6}	Germany	Full financial year	100%	0	-*
Joint operations					
TCHIBO Mobilfunk Beteiligungs-GmbH, Hamburg ⁶	Germany	Full financial year	50%	0	0
TCHIBO Mobilfunk GmbH & Co. KG, Hamburg ⁶	Germany	Full financial year	50%	7	1
Associated companies					
UGG TopCo/HoldCo General Partner GmbH, Ismaning ⁶	Germany	Full financial year	10%	0	0
UGG TopCo GmbH & Co. KG, Ismaning ⁶	Germany	Full financial year	10%	488	(0)
Other investments³					
MNP Deutschland GbR, Düsseldorf ⁶	Germany	Full financial year	33%	1	0
IZMF GbR, Bonn ⁶	Germany	Full financial year	25%	-	-

¹ This entity uses the exemption provisions pursuant to Section 264b HGB.

² These entities use the exemption provisions pursuant to Section 264 (3) HGB.

³ Other investments are not included in the consolidation.

⁴ This entity makes use of the exemption provision under Section 291 and does not prepare (sub-) consolidated financial statements.

⁵ Equity capital and result of the last financial year for which annual financial statements are available according to HGB.

⁶ Indirect investment by Telefónica Deutschland Holding AG.

* After profit and loss transfer.

10. Investments in Associated Companies

Telefónica Deutschland Group holds 10% of the shares in each of UGG TopCo GmbH & Co. KG and UGG TopCo/HoldCo General Partner GmbH. The latter is the general partner of UGG TopCo GmbH & Co. KG. Both investments were classified as associated companies under application of IAS 28.6, taking into consideration the specific facts and circumstances. We have based our assessment that Telefónica Deutschland Group exercises significant influence on the operational and financial policies on the fact that Telefónica Deutschland Group enters into material business transactions with the companies and is involved in the relevant decision-making processes. Both associated companies are accounted for using the equity method.

UGG TopCo/HoldCo General Partner GmbH is the general partner of UGG TopCo GmbH & Co. KG and is classified as

non operational. As a result, the investment is classified as immaterial. The carrying amount of the investment is EUR 7,500 and is unchanged compared to the previous year. No further disclosures will be made.

UGG TopCo GmbH & Co. KG is the holding company of a joint venture between Telefónica, S.A. Group/Telefónica Deutschland Group and Allianz Group established in October 2020. Its purpose is to expand fibre-to-the-home (FTTH) connections for households in Germany.

The following tables present the summarised financial information of the significant shareholdings in UGG TopCo GmbH & Co. KG and its subsidiaries. The financial information is presented in consolidated form across all subsidiaries on a fully consolidated basis:

Condensed Balance Sheet

(in EUR million)

Assets

A) Non-current assets

B) Current assets

C) Deficit not covered by equity

Total assets (A+B+C)

UGG TopCo GmbH & Co. KG

As of 31 December 2025	As of 31 December 2024
1,762	1,529
251	343
143	–
2,157	1,872

Equity and liabilities

A) Equity

B) Non-current liabilities

C) Current liabilities

Total equity and liabilities (A+B+C)

As of 31 December 2025	As of 31 December 2024
–	104
1,785	1,548
372	221
2,157	1,872

Condensed Statement of Comprehensive Income

(in EUR million)

A) Revenues

B) Profit/(loss) for the period

C) Other comprehensive income/(loss)

D) Total comprehensive income/(loss)

UGG TopCo GmbH & Co. KG

As of 31 December 2025	As of 31 December 2024
37	9
(411)	(160)
(18)	(19)
(429)	(179)

Reconciliation to the carrying amount

(in EUR million)

Net assets as of 1 January 2025

Capital increases

Total comprehensive income/(loss)

Net assets as of 31 December 2025

Group share of net assets

Group share in %

Carrying amount as of 31 December 2025

UGG TopCo GmbH & Co. KG

104
182
(429)
(143)
(14)
10
0

As of 31 December 2025, the cumulative loss from the investment in UGG TopCo GmbH & Co. KG, not initially recognised, is EUR 14 million in total. Of this amount, EUR 14 million relates to the result for the period and EUR 0 million to other comprehensive income/(loss). As the carrying amount of the investment has already been reduced to

zero and there is no legal or constructive obligation to assume losses, these losses were not recorded in the balance sheet or income statement. Future profits from the investment will only be recognised once the Company's share of the losses not previously recognised has been balanced.

11. Joint Operations

Telefónica Germany GmbH & Co. OHG jointly controls TCHIBO Mobilfunk Beteiligungs-GmbH, Hamburg, and TCHIBO Mobilfunk GmbH & Co. KG, Hamburg, together with TCHIBO GmbH, Hamburg.

The business objective of TCHIBO Mobilfunk Beteiligungs GmbH is the holding of interests in other companies. The business objective of TCHIBO Mobilfunk GmbH & Co. KG, with TCHIBO Mobilfunk Beteiligungs GmbH as its personally

liable shareholder, is the marketing and sale of mobile communications services to be rendered by third parties and the marketing and sale of mobile devices.

As part of the joint operation in TCHIBO Mobilfunk GmbH & Co. KG, Telefónica Germany GmbH & Co. OHG, on the one hand, reimburses the company for sales and marketing services provided by the latter and supplies the company with mobile communications devices, on the other.

12. Related Parties

Related parties within the meaning of IAS 24 are all companies of Telefónica, S.A. Group, as well as associated companies of Telefónica Deutschland Group and Telefónica, S.A. Group. Related parties within the meaning of IAS 24 are persons who have significant influence over Telefónica Deutschland Group as well as persons who hold a key position in the management of Telefónica Deutschland Group or the parent company of Telefónica Deutschland Group.

Transactions with related parties include transactions between Telefónica Deutschland Group and Telefónica, S.A. Group.

Telefónica Deutschland Holding AG is the parent company of Telefónica Deutschland Group. It is included in the Consolidated Financial Statements of the ultimate parent company, Telefónica, S.A., Madrid, Spain (Telefónica, S.A.; its group: Telefónica, S.A. Group). The direct parent company of Telefónica Deutschland Group is Telefónica Germany Holdings Limited, a wholly owned subsidiary of O2 (Europe) Limited, Slough, United Kingdom (O2 (Europe) Limited), and an indirect subsidiary of Telefónica, S.A. The companies of Telefónica, S.A. Group are related parties, as Telefónica, S.A. controls Telefónica Deutschland Group. Related parties include, in particular,

Telefónica Local Services GmbH, which is wholly owned by Telefónica, S.A. and held approximately 27.63% of the shares in Telefónica Deutschland as of 31 December 2025.

The Notes to Telefónica Deutschland Group provide an overview of the Group companies (9. LIST OF SHAREHOLDINGS AND CHANGES IN THE GROUP STRUCTURE). In 2024 and 2025, the following were related parties from the perspective of Telefónica Deutschland Group:

Telefónica, S.A. and its subsidiaries, and significant investments of Telefónica, S.A. Group and associated companies (12.1. TRANSACTIONS WITH TELEFÓNICA, S.A. GROUP AND ASSOCIATED COMPANIES), members of the Management Board and Supervisory Board of Telefónica, S.A. Group and members of the Management Board and Supervisory Board of Telefónica Deutschland Group (12.2. TRANSACTIONS WITH THE MANAGEMENT BOARD AND SUPERVISORY BOARD).

The extent of the transactions conducted with Telefónica, S.A. Group and other related parties can be seen in the overviews below. Unless separately disclosed for joint ventures or associates, the transactions relate exclusively to Telefónica, S.A. and its subsidiaries.

12.1. Transactions with Telefónica, S.A. Group and associated companies

Assets with and liabilities to Telefónica, S.A. Group

Telefónica Deutschland Group reported the following assets with and liabilities to the companies belonging to Telefónica, S.A. Group and associated companies:

(In EUR million)	As of 31 December 2025	As of 31 December 2024
Assets with Telefónica, S.A. Group	350	610
that were recognised in the following items in the Consolidated Balance Sheet:		
Trade and other receivables	21	33
Other financial assets	100	179
Other non-financial assets	9	5
Cash and cash equivalents (cash pooling)	221	393
Assets with associated companies	1	4
that were recognised in the following items in the Consolidated Balance Sheet:		
Trade and other receivables	1	4
Liabilities to Telefónica, S.A. Group	397	56
that were recognised in the following items in the Consolidated Balance Sheet:		
Interest-bearing debt	329	–
Trade and other payables	68	56
Liabilities to associated companies	16	3
that were recognised in the following items in the Consolidated Balance Sheet:		
Trade and other payables	16	3

Trade and other receivables

These receivables resulted from transactions in goods and services, such as roaming and commissions for insurance services, between Telefónica Deutschland Group and Telefónica, S.A. Group. As of 31 December 2025, these receivables from Telefónica, S.A. amounted to EUR 0 million (2024: EUR 0 million).

Other financial assets

Other financial assets included the share of the purchase price receivable that is not yet due as a result of the sale of major parts of the business operations of the rooftop sites to Telxius.

Other non-financial assets

Other non-financial assets comprised advance payments made to Telefónica, S.A. Group. The item did not include any prepayments made to Telefónica, S.A. as of the reporting date of 31 December 2025 and 2024.

Cash and cash equivalents and cash pool balances

The cash pooling receivables due from Telefónica, S.A. Group resulted exclusively from the contractual agreement with Telfisa Global B.V. Under this agreement, a potential overdraft facility of EUR 1,974 million was available; however, EUR 329 million of this credit line had been utilised as of the reporting date of 31 December 2025. After this period, the overdraft facility will be reduced to EUR 1,504 million again until 31 December 2026. The utilisation of the intra-Group overdraft facility is reported under interest-bearing debt. For further details, please refer to 5.11. INTEREST-BEARING DEBT.

Trade and other payables and interest-bearing debt

Trade and other payables largely comprised liabilities from licence fees and share-based payments. As of 31 December 2025, the item included liabilities to Telefónica, S.A. in the amount of EUR 12 million (2024: EUR 14 million). There were no interest-bearing debts to Telefónica, S.A. in the financial year (2024: EUR 0 million).

Revenues, other income, expenses, depreciation, amortisation and interest expenses relating to Telefónica, S.A. Group and associated companies

(in EUR million)	Revenues, other income and interest income		Expenses, depreciation of right-of-use assets, interest expenses	
	1 January to 31 December		1 January to 31 December	
	2025	2024	2025	2024
Telefónica, S.A. Group	42	42	202	158
Associated companies	16	15	8	5

Telefónica Deutschland Group's revenues and other income resulted from the provision of goods and services, including roaming services and insurance for mobile devices. In financial year 2025, EUR 0 million (2024: EUR 0 million) was attributable to transactions with Telefónica, S.A.

The expenses included group fees totalling EUR 48 million in 2025 (2024: EUR 45 million), of which EUR 21 million (2024: EUR 22 million) related to Telefónica, S.A. In addition, EUR 154 million (2024: EUR 113 million) resulted from expenses from the purchase of goods, services and other expenses, of which EUR 0 million (2024: EUR 1 million) related to Telefónica, S.A.

12.2. Transactions with the Management Board and Supervisory Board

a) Management Board

In financial year 2025, key management personnel included the following members of the Management Board:

Markus Haas (Chief Executive Officer –CEO)

Markus Rolle (Chief Financial Officer)

Valentina Daiber (Chief Officer for Legal & Corporate Affairs)

Nicole Gerhardt (Chief Organizational Development & People Officer)

Andreas Laukenmann (Chief Consumer Officer)

Alfons Lösing (Chief Partner & Wholesale Officer)

Mallik Rao (Yelamate Mallikarjuna Rao) (Chief Technology & Enterprise Officer)

At its meeting on 28 October 2025, the Supervisory Board of Telefónica Deutschland Holding AG approved the conclusion of a Management Board employment contract with Jörg Kablitz, who will take over from Alfons Lösing on 1 April 2026, whose contract ends as planned on 31 March 2026. In addition, the Supervisory Board of Telefónica Deutschland Holding AG appointed Santiago Argelich Hesse as a member of the Management Board and as the new Chairman of the Management Board (Chief Executive Officer [CEO]) at its meeting on 7 November 2025. He started his new role on 1 January 2026.

Markus Haas resigned from the Management Board on 31 December 2025. His employment contract, which was originally dated until 31 December 2028, will end prematurely on 31 December 2026. He is released from his duties for 2026 subject to continued payment of the contractually agreed remuneration, whereby the variable remuneration for 2026 is settled in full. Existing claims arising from ongoing tranches of the long-term variable remuneration will be fully retained.

In addition, Markus Haas will receive a severance payment. The associated future obligations are fully recognised in the financial year.

The adjustment to the remuneration system for the members of the Management Board was approved at the Annual General Meeting on 17 May 2023. This remuneration system, as well as the remuneration system approved by the Annual General Meeting on 20 May 2021, was cancelled by resolution of the Supervisory Board on 6 May 2024 and 18 July 2024.

The remuneration of Management Board members is composed of fixed and variable components. Fixed remuneration comprises the base salary, fringe benefits and a pension commitment or pension allowance. Variable remuneration components comprise the one-year variable remuneration (Bonus I) and the components with long-term incentive effects. These include in particular the Telefónica Deutschland Performance Cash Plan (Bonus II) and the Telefónica, S.A. Performance Share Plan (Bonus III). Further components with a long-term incentive effect include the Telefónica, S.A. Restricted Share Plan as a special remuneration instrument in individual situations and the possible participation of the Management Board members in the employee share plan of Telefónica, S.A.

Within the scope of the share-based programmes of Telefónica, S.A., the parent company grants treasury shares to the Management Board members of Telefónica Deutschland Holding AG. The expenses of Telefónica, S.A. are charged to Telefónica Deutschland Holding AG (see 13. SHARE-BASED PAYMENTS).

Telefónica Deutschland Group has not currently provided any collateral or granted any loans to the members of the Management Board, nor assumed any guarantees for them.

Salaries and other benefits according to IAS 24.17 that were granted to Management Board members active in the financial year are composed as follows:

1 January to 31 December**(in EUR thousand)**

	2025	2024
Total remuneration	14,448	7,953
thereof:		
Short-term employee benefits	5,242	6,297
Other long-term employee benefits	828	566
Termination benefits	6,267	(25)
Share-based payments	1,446	562
Service cost	665	553

Participation by Management Board members in the Telefónica Deutschland Performance Cash Plan does not confer any rights to the transfer of shares without consideration (bonus shares) of Telefónica Deutschland Holding AG. Participation in the share-

based payment programmes of Telefónica, S.A. has resulted in the following changes for the Management Board members with regard to their rights to the free transfer of shares (bonus shares) of Telefónica, S.A.:

(In units)**Share options as of 1 January**

	2025	2024
Share options as of 1 January	925,886	803,133
Forfeited share options	–	(27,692)
Change in composition of Management Board	(327,408)	–
Newly issued share options	381,761	385,239
Actual share assignment	(283,845)	(234,794)
Share options as of 31 December	696,394	925,886

The provisions for the Telefónica Deutschland Performance Cash Plan for the Management Board in the financial year amount to EUR 1,539 thousand (2024: EUR 1,639 thousand). Bonus provisions for the Management Board were formed in the amount of EUR 1,442 thousand (2024: EUR 2,551 thousand). In addition, provisions have been accrued for cost reimbursements from the share-based payments for the Management Board totalling EUR 2,034 thousand (2024: EUR 1,304 thousand). Furthermore, financial year 2025 saw provisions amounting to EUR 6,304 thousand (2024: EUR – thousand) be recognised in connection with the departure of members of the Management Board.

The pension obligations for the Management Board members in financial year 2025 amounted to EUR 8,209 thousand (settlement amount in accordance with the HGB; 2024: EUR 7,083 thousand).

In accordance with Section 314 (1) no. 6b HGB, as of 31 December 2025, the pension obligations for members of the former management and their surviving dependants amounted to EUR 19,662 thousand (settlement amount in accordance with the HGB; 2024: EUR 20,094 thousand).

Further details of the pension obligations of Telefónica Deutschland Group can be found in 5.15. PROVISIONS.

In financial year 2025, the total remuneration of former members of the Management Board and their surviving dependants amounted to EUR 6,679 thousand (2024: EUR 543 thousand).

In accordance with Section 314 (1) no. 6a HGB, the total remuneration granted to members of the Management Board of Telefónica Deutschland Holding AG for the financial year ended 31 December 2025 amounted to EUR 6,949 thousand (2024: EUR 7,479 thousand). This includes share-based compensation with a fair value of EUR 1,014 thousand (2024: EUR 1,182 thousand) for a total of 381,761 shares (2024: 385,239).

b) Supervisory Board

Name	Member of the Supervisory Board	Remuneration (in EUR) 2025	Remuneration (in EUR) 2024
Peter Löscher	since 1 April 2020	132,000	125,997
Jaime Smith Basterra	since 4 January 2022	33,000	33,000
Ángel Vilá Boix ¹	since 26 March 2025	30,000	–
Martin Butz ²	17 May 2018 to 31 October 2025	33,315	40,000
Yasmin Fahimi	since 17 May 2023	30,000	30,000
Pablo de Carvajal González ³	25 July 2018 to 13 March 2025	–	–
María García-Legaz Ponce	since 7 June 2018	–	–
Ernesto Gardelliano	since 5 October 2020	–	–
Albert Graf ⁴	since 1 November 2025	6,521	–
Cansever Heil	since 3 April 2019	37,500	37,500
Christoph Heil	from 3 June 2013 to 17 May 2018; since 3 April 2019	37,500	37,500
Michael Hoffmann	since 5 October 2012	82,500	88,538
Julio Linares López	since 16 October 2017	30,000	30,000
Stefanie Oeschger	since 3 October 2020	40,000	40,000
Thomas Pfeil	since 3 June 2013	60,000	60,000
Joachim Rieger ⁵	since 31 October 2014	30,000	30,000
Barbara Rothfuß	since 17 May 2023	37,500	37,500
Dr Jan-Erik Walter	since 3 June 2013	47,500	47,500
Total (disclosure in accordance with Section 314 (1) no. 6a HGB and IAS 24.17):		667,336	637,536

¹ Ángel Vilá Boix was appointed a member of the Supervisory Board with effect from 26 March 2025 following the resignation of Pablo de Carvajal González. He was confirmed by the Annual General Meeting on 1 July 2025 as a shareholder representative on the Supervisory Board until the Annual General Meeting at which discharge is granted for financial year 2026. The Supervisory Board elected Ángel Vilá Boix as a member of the Related Party Transactions Committee and the Nomination Committee on 6 May 2025.

² Martin Butz resigned as of the end of 31 October 2025 as a member of the Supervisory Board and the Audit Committee.

³ Pablo de Carvajal González resigned on 13 March 2025 as a member of the Supervisory Board, the Related Party Committee and the Nomination Committee.

⁴ Albert Graf succeeded Martin Butz as an elected substitute member on 1 November 2025 as a member of the Supervisory Board. On 7 November, he was elected by the Supervisory Board as a member of the Audit Committee.

⁵ In addition to the remuneration in accordance with Section 20 of the Articles of Association of Telefónica Deutschland Holding AG, Joachim Rieger received remuneration of EUR 4,500 in 2025 for his activities as a member of the Supervisory Board of the subsidiary TCFS Potsdam GmbH (2024: EUR 4,500).

Barbara Rothfuß resigned from her position as a member of the Supervisory Board with effect from 31 December 2025. Oliver Ibsen succeeded her as a substitute member elected by the employee representatives with effect from 1 January 2026.

The members of the Supervisory Board received remuneration for their work on the Supervisory Board of Telefónica Deutschland Holding AG and its subsidiaries amounting to EUR 672 thousand in 2025 (2024: EUR 642 thousand). Three members of the Supervisory Board waived the remuneration owed in full.

The members of the Supervisory Board of Telefónica Deutschland Holding AG receive a fixed annual remuneration (fixed remuneration) and, where applicable, additional fixed remuneration for membership or chairmanship of committees that meet regularly. The chair and members of the Mediation Committee, which did not meet during the reporting period, are remunerated with an attendance fee. Variable or performance-related remuneration components are not provided.

13. Share-Based Payments

As of 31 December 2025, Telefónica Deutschland Group had concluded various agreements regarding share-based payments. The Company considers these payments to be equity-settled share-based payment transactions. The financial effects of the share-based remuneration systems are, however, of minor importance for Telefónica Deutschland Group.

As of 31 December 2025, liabilities resulting from share-based payment transactions with Telefónica, S.A. amounting to EUR 4 million (2024: EUR 4 million) were recognised. Telefónica Deutschland Group receives a service from the employees without itself providing the share-based payment agreed for this purpose. Telefónica, S.A. grants own shares to employees of Telefónica Deutschland Group. The expenses of Telefónica, S.A. are charged to Telefónica Deutschland Group.

There are currently two share-based remuneration programmes: the Telefónica, S.A. Performance Share Plan and the Telefónica, S.A. Restricted Share Plan, which is used as a special compensation instrument in individual cases. In recent years, the Telefónica Deutschland Performance Share Plan also existed as a share-based remuneration instrument. In 2024, this was converted into a cash-remunerated Telefónica Deutschland Performance Cash Plan and has since no longer been share-based. In addition, the tranche launched in October 2022 as part of the Telefónica, S.A. Employee Share Plan was successfully completed in 2024.

In financial year 2025, personnel expenses of EUR 3 million (2024: EUR 2 million) was recognised in connection with share-based payment transactions.

Telefónica, S.A. Performance Share Plan

The Telefónica, S.A. Performance Share Plan is a share-based plan for Management Board members and selected senior executives of Telefónica Deutschland Group, which is settled in own shares by Telefónica, S.A. (for nominated talents, the plan operates under the name "Talent for the Future Share Plan"). An allocation cycle begins on 1 January of each financial year and has a performance period of at least three years. The participant receives a certain number of Telefónica, S.A. virtual performance shares at the beginning of the performance period. For the calculation of the number of performance shares, the grant value is divided by the weighted average Telefónica, S.A. share price of the last 30 trading days prior to the start of the respective performance period. The number of real shares actually earned after the end of the plan term equals the product of the number of allocated performance shares and a target achievement factor, which can range between 0% and a maximum value (cap), depending on the achievement level of performance criteria of Telefónica, S.A. For employees who are also members of the Executive Committee of Telefónica, S.A., a holding period of 24 months for 100% of the shares earned is provided for.

The performance period for the 2023 allocation cycle is three years. The target achievement factor may take on a maximum value of 100% and consists of three components: The first component is based on the relative total shareholder return of Telefónica, S.A. compared to a reference group consisting of selected global telecommunications companies (TSR target achievement factor) and has a weighting of 50%. The second component is based on the achievement of free cash flow

targets of Telefónica, S.A. (FCF target achievement factor) and has a weighting of 40%. The third component is based on the achievement of targets for the neutralisation and reduction of CO₂ emissions of Telefónica, S.A. (CO₂ target achievement factor) and has a weighting of 10%.

The performance period is also three years for each of the 2024 and 2025 allocation cycles. The target achievement factor may take on a maximum value of 120% and consists of four components: The first component is based on the relative total shareholder return of Telefónica, S.A. compared to a reference group consisting of selected global telecommunications companies (TSR target achievement factor) and has a weighting of 50%. The second component is based on the achievement of free cash flow targets of Telefónica, S.A. (FCF target achievement factor) and has a weighting of 40%. The third component is based on the achievement of targets for the neutralisation and reduction of CO₂ emissions of Telefónica, S.A. (CO₂ target achievement factor) and has a weighting of 5%. The fourth component is based on the achievement of targets for the proportion of women in management positions at Telefónica, S.A. (diversity target achievement factor) and has a weighting of 5%.

The 2022–2024 tranche was settled in financial year 2025. Based on a target achievement factor of 100%, 632,716 real shares were earned. These were settled by means of shares that were booked into the respective employee securities accounts.

Personnel expenses recognised for the Telefónica, S.A. Performance Share Plan amounted to EUR 3 million in 2025 (2024: EUR 2 million).

Tranche 2022–2024	Number of shares assigned at grant	Fair value per share (in euro) at grant	Shares outstanding as of 31/12/2025	Shares outstanding as of 31/12/2024
TSR - Target achievement factor:	364,917	2.43	-	327,747
FCF - Target achievement factor:	291,934	2.95	-	262,197
CO ₂ - Target achievement factor	72,983	2.95	-	65,549

Tranche 2023–2025	Number of shares assigned at grant	Fair value per share (in euro) at grant	Shares outstanding as of 31/12/2025	Shares outstanding as of 31/12/2024
TSR - Target achievement factor:	398,519	1.78	298,476	365,690
FCF - Target achievement factor:	318,815	2.81	238,781	292,552
CO ₂ - Target achievement factor	79,704	2.81	59,695	73,138

Tranche 2024–2026	Number of shares assigned at grant	Fair value per share (in euro) at grant	Shares outstanding as of 31/12/2025	Shares outstanding as of 31/12/2024
TSR - Target achievement factor:	476,502	2.85	360,421	471,884
FCF - Target achievement factor:	381,201	3.42	288,336	377,507
CO ₂ - Target achievement factor	47,650	3.42	36,042	47,188
Diversity target achievement factor	47,650	3.42	36,042	47,188

Tranche 2025–2027	Number of shares assigned at grant	Fair value per share (in euro) at grant	Shares outstanding as of 31/12/2025	Shares outstanding as of 31/12/2024
TSR - Target achievement factor:	425,585	2.09	337,710	-
FCF - Target achievement factor:	340,468	3.13	270,168	-
CO ₂ - Target achievement factor	42,559	3.13	33,771	-
Diversity target achievement factor	42,559	3.13	33,771	-

Telefónica, S.A. Restricted Share Plan

In order to attract or retain Management Board members and senior executives, there is an option to grant them an amount under the Restricted Share Plan on a one-time or recurring basis, for example, to compensate them for forfeited compensation claims at their previous employer. Therefore, this plan serves as a special compensation instrument.

The plan term according to the Restricted Share Plan is between one and five years. At the beginning of the term, the participant receives a certain number of virtual shares of Telefónica, S.A. at an amount, which corresponds to a certain proportion of the participant's annual base salary. If the participants remain employed for the entire plan term, the maximum entitlement of 100% (cap) of the originally allocated virtual shares is in the form of real shares. The allocation of real shares requires a minimum active employment relationship of twelve months during the plan term and an active relationship at the time of settlement by Telefónica, S.A. If participants terminate their employment relationship during the plan term as "good leavers" (e.g. due to retirement or disability), they have a percentage entitlement based on the proportion of the active employment relationship over the entire plan term, i.e. between 0% and 100%. In this case,

payment is made in cash. If the participants leave Telefónica Deutschland Group for other reasons during the plan term, the entitlement lapses.

The fair value of the 104,372 (2024: 0) virtual shares granted in 2025 amounts to EUR 1 million (2024: EUR 0 million) and was determined on the basis of the average share price over 30 trading days prior to the respective grant date. Of this, EUR 770 thousand is attributable to an allocation in which the first third of the shares have already been fixed at 71,313 shares; the number of shares for the remaining two thirds will be determined in the further course of the three-year plan period.

In financial year 2025, 146,208 (2024: 106,197) real shares were earned through transfer to the respective employee accounts. As of 31 December 2025, 149,483 (2024: 218,932) virtual shares were outstanding. The two thirds of the virtual shares not yet determined in the context of the allocation are not included in this figure.

Personnel expenses recognised for the Telefónica, S.A. Restricted Share Plan amounted to EUR 0 million in 2025 (2024: EUR 0 million).

14. Information Regarding Employees

The following table presents the breakdown of Telefónica Deutschland Group's average headcount grouped with respect to their status under employment law:

Average headcount	2025	2024
Employees	7,586	7,606
thereof from joint operations	13	12
Temporary staff	213	242
Total	7,799	7,848

15. Financial Instruments and Risk Management

As of the reporting date, Telefónica Deutschland Group faces a variety of risks from financial instruments. In this regard, please

refer to the statements regarding risk management and financial instruments in the Combined Management Report.

Further information on risks from financial instruments

Currency risk

The effects before taxes on the Consolidated Income Statement of a simultaneous, parallel increase (decrease) in the euro of

10% in the financial years 2025 and 2024 would have been as follows:

(in EUR million)	1 January to 31 December 2025		1 January to 31 December 2024	
	Risk position	+/-10%	Risk position	+/-10%
USD	(9)	1/(1)	(11)	1/(1)
GBP	1	(0)/0	1	(0)/0

There are no material direct effects from exchange rate fluctuations on the equity of Telefónica Deutschland Group.

Interest rate risk

The effects before taxes on the Consolidated Income Statement of a change in the euro interest rates of variable interest-bearing financial instruments of +/-100 basis points as of the reporting

dates 31 December 2025 and 2024 are shown below. This analysis assumes that all other variables remain unchanged.

1 January to 31 December

(in EUR million)	2025	2024
+100bp	(1)	4
-100bp	1	(4)

In addition, changes in euro interest rates affect trade receivables and other receivables recognised at fair value through other comprehensive income and therefore also affect other comprehensive income and equity. A change of +/-100

basis points at the reporting dates of 31 December 2025 and 2024, assuming all other variables remain unchanged, would have the following effect:

1 January to 31 December

(in EUR million)	2025	2024
+100bp	(6)	(6)
-100bp	6	6

Inflation risk

The effects before taxes on the Consolidated Income Statement of a change in the inflation rate of +/-100 basis points on

non-current financial receivables as of the reporting dates of 31 December 2025 and 2024 are disclosed below.

1 January to 31 December

(in EUR million)	2025	2024
+100bp	1	2
-100bp	(1)	(2)

Credit risk

Determining the default rate for the following assets is based on the general approach. The following tables show the gross carrying amounts of the assets, their classification in the general

impairment model and the average expected credit loss. The maximum credit risk from these instruments corresponds to the carrying amount in the Balance Sheet.

(in EUR million)	As of 31 December 2025					Credit rating	Average expected default rate
	Gross book value	Impairment level 1	Impairment level 2	Impairment level 3			
Loan receivables	8	8	-	-	High	0.27%	
Non-current financial assets	8	8					
Silent factoring deposit	1	1	-	-	High	0.21%	
Purchase price receivable from the sale of major parts of the business operations of the rooftop sites	92	92	-	-	High	0.16%	
Current financial assets	92	92					
Other receivables	57	57	-	-	High	[0.04%–0.09%]	

As of 31 December 2024

(in EUR million)	Gross book value	Impairment level 1	Impairment level 2	Impairment level 3	Credit rating	Average expected default rate
Purchase price receivable from the sale of major parts of the business operations of the rooftop sites	90	90	–	–	High	0.23%
Loan receivables	10	10	–	–	High	0.35%
Non-current financial assets	100	100				
Silent factoring deposit	12	12	–	–	High	0.16%
Purchase price receivable from the sale of major parts of the business operations of the rooftop sites	90	90	–	–	High	0.23%
Current financial assets	102	102				
Other receivables	52	52	–	–	High	[0.06%–0.12%]

Information from external rating agencies is used to determine the probability of default and the loss rate under the general approach, although internal ratings from receivables management may be applied in exceptional cases. In order to determine impairment rates, Telefónica Deutschland Group uses CDS rates quoted on the market, which either directly represent the credit risk of the counterparty or are derived from the credit risk of a benchmark. This data is adjusted accordingly for financial assets with a remaining term of less than twelve months. The expected loss within the next twelve months is recognised as an impairment loss. This impairment is currently considered to be immaterial, therefore no impairment will be recognised.

Trade receivables are subject to the simplified approach. For more information, please see >Chapter 5.5 TRADE AND OTHER RECEIVABLES. Receivables from leases also follow the simplified approach. The impairment is to be determined in the amount of the credit

loss expected over the total term. For individual receivables (including leases), Telefónica Deutschland Group holds certain collateral that mitigates the loss in the event of counterparty default; this collateral is taken into account in the calculation of expected credit losses in the form of the LGD (Loss Given Default). Collateral is provided for the sale of mobile devices as part of O₂ My Handy transactions. Telefónica Deutschland Group retains the title to the mobile devices until the end customer has paid the final instalment. In addition, there is commercial credit insurance against bad debts with sales partners with a deductible of 10%.

All cash holdings include a daily maturity and are therefore subject to a one-day probability of default.

As all counterparties are rated investment grade (including Telefónica, S.A. Group), this leads to only very minor impairments, which are not recorded by Telefónica Deutschland Group.

(in EUR million)	As of 31 December 2025		As of 31 December 2024	
	Net book value	Ratings of cash and cash equivalents	Net book value	Ratings of cash and cash equivalents
Cash at bank and in hand	11	[A-1 - A-2]*	9	[A-1 - A-2]*
Cash pooling	221	A-3*	393	A-3*
Cash and cash equivalents	232		402	

*Short-term ratings according to the Standard & Poor's rating system.

Liquidity risk

On the reporting date of 31 December 2025, Telefónica Deutschland Group had unused credit lines from current overdraft facilities, loans and revolving credit facilities with a total volume of EUR 1,740 million. As of 31 December 2024, the unused credit lines amounted to EUR 1,804 million.

Cash and cash equivalents amounted to EUR 232 million as of 31 December 2025 and EUR 402 million as of 31 December 2024 respectively.

The following table shows the maturity profile of the financial liabilities of Telefónica Deutschland Group on the basis of the contractual undiscounted payments (including interest):

Maturities of financial liabilities

(in EUR million)	As of 31 December 2025				
	Total carrying amount	Gross cash outflow	Remaining term		
			<1 year	1-5 years	>5 years
Non-current interest-bearing debt	387	407	–	305	102
Non-current lease liabilities	2,467	2,761	–	1,834	927
Non-current trade and other payables	10	10	–	10	–
Non-current payables - Spectrum	708	734	–	734	–
Current interest-bearing debt	419	419	419	–	–
Current lease liabilities	662	730	730	–	–
Current trade and other payables	2,567	2,567	2,567	–	–
Current payables - Spectrum	183	183	183	–	–
Financial liabilities	7,402	7,811	3,899	2,883	1,029

(in EUR million)	As of 31 December 2024				
	Total carrying amount	Gross cash outflow	Remaining term		
			< 1 year	1-5 years	> 5 years
Non-current interest-bearing debt	474	498	–	360	138
Non-current lease liabilities	2,401	2,619	–	1,851	768
Non-current trade and other payables	11	11	–	11	–
Non-current payables - Spectrum	690	710	–	568	142
Current interest-bearing debt	771	779	779	–	–
Current lease liabilities	606	667	667	–	–
Current trade and other payables	2,799	2,799	2,799	–	–
Current payables - Spectrum	107	108	108	–	–
Financial liabilities	7,859	8,190	4,352	2,790	1,048

16. Capital Management

Telefónica Deutschland Group strives to guarantee the sustainability of its business and to maximise its enterprise value by permanently monitoring its capital costs in addition to its most important management performance indicators.

Telefónica Deutschland Group uses the net leverage ratio to monitor its capital structure.

The net leverage ratio compares the net financial debt level with an operational success parameter (EBITDA adjusted for exceptional effects) and provides management with information about the Company's debt reduction ability. The maximum leverage ratio defined within the framework of our financing policy applicable since 1 January 2019 remains unchanged at 2.5X (>Chapter MANAGEMENT SYSTEM).

17. Contingent Assets and Liabilities

Telefónica Deutschland Group is subject to claims or other proceedings arising in the ordinary course of business. The possible effects are of minor significance for the Group's net assets, financial position and results of operations.

Legal actions challenging the rules governing the award and the auction of frequencies in the 2 GHz and 3.6 GHz ranges from the 2019 auction ("PKE 3 + 4") could result in stricter regulations, in particular with regard to the service provider obligation (obligation of Telefónica Deutschland Group to negotiate with suitable service providers on the shared use of radio capacities). Three actions filed by service providers were dismissed in the court of last instance. It is not known whether a constitutional complaint has been lodged in this regard, but this cannot be ruled out. Another action by a service provider

has not yet been decided in the court of first instance. The action of another service provider was dismissed. Its appeal to the Federal Administrative Court was accepted and heard by the Federal Administrative Court on 20 October 2021. The Federal Administrative Court (BVerwG) ruled that additional findings by the Administrative Court of Cologne are needed to clarify whether the method used by the BNetzA to decide on the 2019 award and auction rules was free of procedural and deliberation errors. Consequently, the case was referred back to the Cologne Administrative Court. On 26 August 2024, the Cologne Administrative Court subsequently annulled the decision of the BNetzA on the award and auction rules for the auction of 5G mobile frequencies held in 2019 and obliged the BNetzA to make a new decision. The BNetzA lodged an appeal against the ruling of the Cologne Administrative Court

dated 26 August 2024, which was rejected on 16 October 2025. The proceedings are thus legally concluded in favour of the complaining service provider. In December 2025, the BNetzA launched consultation proceedings on frequency regulatory aspects in the ongoing process of allocating frequencies at 2 GHz and 3.6 GHz ("5G allocation") and announced that no decision can yet be made as to whether a new auction for allocating frequencies would be held following a new decision. One of the decisive factors in this issue is whether the allocation and pricing function of the auction held in 2019 will continue to be valid in view of the contents of the new PKE 3 and 4 decisions. If the open-ended review shows that the changes are not significant in the context of a new decision or could possibly be remedied by compensatory measures, consideration could be given to adjusting the rights of use in question without holding a new auction (option 1). If the open-ended review concludes that significant changes to the frequency usage regulations will be necessary as part of the new decision, the allocation and pricing function of the previous auction could be disrupted and it may be necessary to conduct a new auction with subsequent reallocation of the rights of use (option 2).

In relation to frequency allocations at 3.6 GHz, an objection by EWE TEL GmbH against Telefónica Deutschland Group's 3,540 MHz–3,610 MHz frequency allocation of 24 September 2020 is pending. If the appeal is successful, this could result in the reassignment of the frequencies for 3.6 GHz acquired at the 2019 spectrum auction. Action has been brought against the decision of the Presidential Chamber of the BNetzA of 24 March 2025 (file no. BK1-22/001) by Telefónica Deutschland Group, along with four other companies. The action of Telefónica Deutschland Group is directed specifically

against the extension of the usage rights of Vodafone Group in the 1,800 MHz band (term until 31 December 2033) and against another aspect of the decision. If successful, these actions – in particular those of third-party companies – could result in a new substantive decision by the BNetzA as well as a cancellation of frequency allocations that have already been granted. Furthermore, two objections were filed by EWE TEL GmbH and Freenet DLS GmbH against the frequency allocations granted to Telefónica Deutschland Group. Their success could lead to a tightening of the associated requirements or the withdrawal of the assignment notices.

As one of the four network operators in Germany, Telefónica Deutschland Group is exposed to the risk of claims concerning patent violations. In this context, patent owners could assert claims for licence payments and/or for the prohibition of the use of certain patent-violating technologies. This risk is mitigated by Telefónica Deutschland Group's exemption and compensation claims against its relevant suppliers. Besides compensation claims for legal costs, patent owners currently have potential licence claims that come under consideration on the basis of the provisional or court-assessed values in dispute. These claims are almost completely offset by the potentially mitigating exemption and compensation claims. The amount of the legal costs and licence claims is estimated in the low million (EUR).

Estimates, assumptions and discretionary judgements are used to determine contingent assets and liabilities. These relate, inter alia, to risks from the assertion of patent infringements and participations in judicial and extra-judicial proceedings within the scope of ordinary business.

18. Purchase and Other Contractual Obligations

The following expected maturities apply to purchase and other contractual obligations:

(in EUR million)	As of 31 December 2025	As of 31 December 2024
Less than 1 year	1,136	1,559
1 to 5 years	1,484	1,372
Over 5 years	443	769
Purchase and other contractual obligations	3,064	3,700

The purchase and other contractual obligations also include short-term leases and leases of assets of low value.

As of 31 December 2025, EUR 331 million (2024: EUR 320 million) of property, plant and equipment and EUR 32 million (2024: EUR 34 million) of intangible assets are included in purchase and other contractual obligations.

The investment in UGG TopCo GmbH & Co. KG resulted in an investment obligation in the amount of EUR 34 million as of 31 December 2025 (2024: EUR 52 million).

For contractual obligations arising from further leases, please refer to >Chapter 19 LEASES.

19. Leases

Leases

The Consolidated Income Statement presents the following income and expenses related to leases:

(in EUR million)	1 January to 31 December	
	2025	2024
Income from operating leases	3	3
Income from finance leases	0	0
Expenses relating to short-term leases	(4)	(1)
Expenses relating to leases of low-value assets	(2)	(3)
Expenses from variable lease payments	(10)	-
Depreciation of right-of-use assets	(716)	(688)
Interest expenses on lease liabilities	(71)	(66)

The total cash outflows for leases in financial year 2025 amounted to EUR 793 million (2024: EUR 731 million).

For additions to right-of-use assets in financial year 2025 and the carrying amount of the right-of-use assets as of 31 December 2025 by class of underlying assets, please refer to >CHAPTER 5.4 RIGHT-OF-USE ASSETS.

Telefónica Deutschland Group has a large number of leases that include cancellation options, extension options and automatic extensions. The different contractual agreements are included in the calculation of the potential future payment obligations resulting from the options which are not taken into account in the lease liability recognised as of 31 December 2025 as follows.

- Extension options that have not yet expired or have not yet been exercised are recognised at the value of the potential payment obligations for the entire period of all future extension options, which generally range between one month and five years.
- If automatic extensions have been agreed, these are taken into account in the calculation with the first period of the automatic extension not already included in the lease liability.

- For contracts whose expected expiry is less than the minimum term due to sufficiently probable unilateral termination options, the remaining period until the expiry of the minimum term is taken into account in the calculation.

This results in potential future payment obligations for Telefónica Deutschland Group of EUR 1,977 million as of 31 December 2025 (EUR 1,894 million as of 31 December 2024).

Telefónica Deutschland Group has various lease contracts that have not yet commenced. The future possible cash outflows for those lease contracts are EUR 2,301 million as of 31 December 2025 (EUR 2,606 million as of 31 December 2024).

Lessor

As lessor, Telefónica Deutschland Group has entered into several sublease agreements for shops and sites with antenna towers.

Where a sublease is classified as a finance lease, the Group recognises Other financial assets at the value of the net investment in the lease. Future cash inflows from minimum lease payments under finance leases are comprised as follows:

As of 31 December 2025

(in EUR million)	Future minimum lease payments	Unearned finance income	Present value of the minimum lease payments
Due within 1 year	5	0	5
Due between 1 and 5 years	6	0	6
Due in more than 5 years	0	0	0
Total net investment in lease	12	0	12

As of 31 December 2024

(in EUR million)	Future minimum lease payments	Unearned finance income	Present value of the minimum lease payments
Due within 1 year	5	0	5
Due between 1 and 5 years	7	0	7
Due in more than 5 years	0	–	0
Total net investment in lease	12	0	12

Where a lease is classified as an operating lease, the Group, as lessor, recognises the right-of-use asset in the Consolidated Balance Sheet. The lease payments received are recognised in

profit or loss. Future income from operating leases is comprised as follows:

(in EUR million)	As of 31 December 2025	As of 31 December 2024
Due within 1 year	2	2
Due between 1 and 5 years	1	2
Due in more than 5 years	1	1
Future minimum lease payments receivables from operating leases	4	4

As lessor, Telefónica Deutschland Group has entered into several sublease agreements for cell sites with antenna towers and shops.

the leased assets in its Balance Sheet. The lease payments received are recognised in profit or loss.

As a rule, only parts of the antenna towers that are also used by the company itself are leased to third parties. The shops are primarily leased spaces that are accounted for as right-of-use assets. Where a lease is classified as an operating lease, Telefónica Deutschland Group continues to recognise

The following table shows the historical cost, accumulated depreciation and residual value of the corresponding assets in the Consolidated Balance Sheet as of 31 December 2025, which are subject to sublease in the form of an operating lease agreement:

(in EUR million)	Costs	Accumulated depreciation	Residual carrying amount as of 31 December 2025
Property, plant and equipment	46	(35)	11
Right-of-use assets	43	(27)	16
Total	89	(62)	27

(in EUR million)	Costs	Accumulated depreciation	Residual carrying amount as of 31 December 2024
Property, plant and equipment	54	(41)	13
Right-of-use assets	41	(23)	18
Total	95	(64)	31

20. Total Auditor's Fees

In financial years 2025 and 2024, the services listed below provided by the Group's auditors, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, are recognised in the Consolidated Income Statement.

Because Telefónica Deutschland Group conducts all of its business in Germany, the entire amount is incurred in Germany.

1 January to 31 December

(in EUR million)

Types of fee:

	2025	2024
Audit services	4.1	2.8
Other certification services	0.2	0.3
Other services	0.0	0.0
Total fee	4.3	3.1

The audit fees incurred in the reporting year comprise the expenses for the audit of the annual and consolidated financial statements of Telefónica Deutschland Holding AG and the audits of the annual financial statements of the subsidiaries. They also include other assurance services related to the

sustainability assessment. The increase compared to the previous year is mainly due to higher auditing expenses in connection with transformation projects. Other audit-related services and other services were performed in financial years 2025 and 2024 only to a minor extent.

21. Subsequent Events

Sale of asset held for sale

On 1 January 2026, a spectrum licence classified as held for sale with a carrying amount of EUR 27 million as of 31 December 2025 was sold to 1&1 Group.

No additional events subject to disclosure requirements occurred after the end of financial year 2025.

Munich, 18 February 2026

Telefónica Deutschland Holding AG

The Management Board



Santiago Argelich Hesse



Markus Rolle



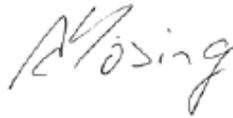
Valentina Daiber



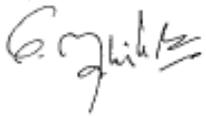
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Andreas Laukenmann



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Mallik Rao

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Independent Auditor's Report

To Telefónica Deutschland Holding AG, Munich

Audit Opinions

We have audited the consolidated financial statements of Telefónica Deutschland Holding AG, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31 2025, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Telefónica Deutschland Holding AG, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2025. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f Abs. [paragraph] 4 HGB [Handelsgesetzbuch: German Commercial Code] (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (the IFRS Accounting Standards) as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2025, and of its financial performance for the financial year from January 1 to December 31, 2025, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f Abs. 4 HGB (disclosures on the quota for women on executive boards) as non-audited part of the group management report.

The other information comprises further all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Group's internal control and these arrangements and measures (systems), respectively.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, February 18, 2026

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Holger Lutz
Wirtschaftsprüfer
(German Public Auditor)

sgd. Annika Sicking
Wirtschaftsprüfer
(German Public Auditor)

Supervisory Board Report for the Financial Year 2025

Dear Shareholders,

We look back on a financial year 2025, in which the geopolitical situation further intensified and the economic development following a prolonged period of economic weakness stabilised only moderately. Concerns about the future and rising costs are weighing on consumer spending.

In this challenging environment, Telefónica Deutschland performed solidly, gaining market share among mobile contract customers, achieving record growth in SIM cards for the Internet of Things, and increasing revenue in fixed-line communications. The core business is intact and is supported by the traditionally strong residential customer business with the O₂ brand, customer gains in the business customer market, and innovative new and expanded partnerships with wholesale customers. Despite significant efficiency gains and cost savings, this positive development is not yet directly translating into positive growth in revenues and EBITDA. In a highly competitive market, this reflects in particular the impact of the change of a major wholesale customer, which was completed at the end of the year.

Telefónica Deutschland also used the year 2025 to further advance the expansion of its mobile network. By the end of 2025, the 5G network already reached 99 percent of the German population. More than 8,000 expansion measures represent a further increase over previous years and improve the user experience for millions of people and businesses in the country. To this end, the company invested around one billion euros in its network and services. As a result, Telefónica in Germany achieved second place for the first time in the most important independent network test conducted by Connect magazine and received a "very good"* rating for the sixth time in a row.



Peter Löscher

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

As part of the internationally active Telefónica Group, Telefónica Deutschland is focusing on sustainable business growth with its „Transform & Grow“ strategy plan. A core element of this is a first-class customer experience as the basis for continued success in all customer segments. In concrete terms, this means, among other things, convergent products from mobile and fixed-line marketing for residential customers, scaling for business customers, and strengthening the partner business. New business and the expansion of existing activities are paired with efficiency improvements at all levels. The quality of the mobile network remains central to our success.

* connect mobile phone and 5G network test, issue 01/2026: „very good“ (937 points) and shared 2nd place for O₂; overall 1 x „outstanding“ (975 points) and 2 x „very good“ (937 points) were awarded. Further information is available at o2.de/netz

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.

At the beginning of the financial year 2025, the Supervisory Board consisted of the following members: Peter Löscher (Chairman), Martin Butz**, Pablo de Carvajal González, Yasmin Fahimi**, María García-Legaz Ponce, Ernesto Gardelliano, Cansever Heil**, Christoph Heil**, Michael Hoffmann, Julio Linares López, Stefanie Oeschger, Thomas Pfeil** (Vice Chairman), Joachim Rieger**, Barbara Rothfuß**, Jaime Smith Basterra and Dr. Jan-Erik Walter**. On 13 March 2025, Pablo de Carvajal González resigned from his positions, with effect from 26 March 2025, Ángel Vilá Boix was appointed to the Supervisory Board by the court as a member of the Supervisory Board and shareholder representative and was confirmed in office by the Annual General Meeting on 1 July 2025. Martin Butz resigned from his positions with effect from the end of 31 October 2025 and Albert Graf** succeeded him on 1 November 2025 as a substitute member elected by the employees.

Barbara Rothfuß resigned from her positions with effect from the end of 31 December 2025 and Oliver Ibsen** succeeded her with effect from 1 January 2026 as a substitute member elected by the employees.

Further information, including the CVs of the members of the Supervisory Board, can be found on the company's website at www.telefonica.de/aufsichtsrat.

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.

The Supervisory Board included at least one member with expertise in the field of accounting and auditing, Ernesto Gardelliano, in the reporting period. In addition, Thomas Pfeil, Stefanie Oeschger, Jaime Smith Basterra, Ángel Vilá Boix and Albert Graf 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

In the financial year 2025, the Management Board of Telefónica Deutschland Holding AG consisted of seven members: Markus Haas, Chief Executive Officer, Markus Rolle, Chief Financial Officer, Valentina Daiber (Chief Officer Legal & Corporate Affairs), Nicole Gerhardt (Chief Organisational Development & People Officer and Labour Director ("Arbeitsdirektorin")), Andreas Laukenmann (Chief Consumer

Officer), Alfons Lösing (Chief Partner & Wholesale Officer) und Mallik Rao (Chief Technology & Enterprise Officer).

Markus Haas resigned from his position as member of the Management Board and Chief Executive Officer (CEO) with effect from the end of 31 December 2025. At its meeting on 7 November 2025, the Supervisory Board appointed Santiago Argelich Hesse as a new member of the Management Board and CEO of the company with effect from 1 January 2026.

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 best 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. Where approval by the Supervisory Board was required by law, the articles of association or the by-laws, resolutions were taken 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. 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 year, an annual strategy workshop was again held. Here 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.

Supervisory Board Meetings

In 2025, five regular meetings were held on 21 February, 6 May, 22 July, 28 October und 15 December 2025. The Supervisory Board's regular meetings focused in particular on the presentation of Telefónica Deutschland Group's current situation, including in the individual business areas, as well as key strategic issues such as regulation, digitalisation, and transformation, but also the impact of current geopolitical developments on the company. In addition to regular and event-driven information on these topics, there were annual in-depth presentations on internal audit and the risk management systems such as compliance, data protection, and security (business resilience), including business continuity management. Internal Supervisory Board topics and Management Board topics were regularly discussed without the participation of the Management Board. These also included governance issues and the annual effectivity survey of the Supervisory Board. The Supervisory Board also dealt intensively with succession planning for the Management Board.

The following key topics are to be highlighted:

The first regular meeting of the Supervisory Board in the financial year 2025 was the balance sheet meeting (Bilanzsitzung) for the financial year 2024 which took place on 21 February 2025. This meeting focused on the review and approval of the annual and consolidated financial statements and the combined management report and combined group management report for financial year 2024. The Group sustainability report, which was prepared for the first time on a voluntary basis and the dependency report were also discussed. The Supervisory Board also approved the change in dividend policy. In addition, the extension of contract and appointment of CEO Markus Haas to the Management Board was resolved.

At its meeting on 28 October 2025, the Supervisory Board passed a resolution on the succession of Alfons Lösing, whose term of office is scheduled to end on 31 March 2026, due to a retirement policy. Jörg Kablitz was appointed as a member of the Management Board with effect from 1 April 2026, at the meeting on 15 December 2025.

At the Supervisory Board meeting on 15 December 2025 the main focus was on the Long Term Business Plan presented during the strategy day on 23 July and in the meeting on 28 October 2025 as well as the budget 2026, and the resolution on the budget 2026.

In addition, there were two extraordinary meetings of the Supervisory Board. Immediately after the Annual General Meeting, a Supervisory Board meeting was held on 1 July 2025, at which Ángel Vilá Boix was re-elected as a member of the shareholders to the Related Party Transactions Committee and the Nomination Committee. At the meeting on 7 November 2025 the agreement to terminate Markus Haas's Board Member Service Agreement was approved and Santiago Argelich Hesse was appointed to the Management Board as Markus Haas's successor and as Chief Executive Officer (CEO) with effect from 1 January 2026.

There has been one regular Supervisory Board meeting so far in 2026. On 23 February 2026, the balance sheet meeting for the financial year 2025 took place. At the balance sheet meeting, the annual financial statements and consolidated financial statements, together with the combined management report, were discussed in particular, and the Supervisory Board adopted its report to the Management Board.

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.

Where necessary, the Supervisory Board also passed resolutions outside of meetings.

Committees of the Supervisory Board

As of 31 December 2025, the Supervisory Board had formed five regular 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, and the Related Party Transactions Committee met regularly during the reporting year, while the Nomination Committee met once to propose the court appointment of Ángel Vilá Boix to the Supervisory Board. The Mediation Committee only meets when necessary and did not meet during the reporting year.

The **Audit Committee** is inter alia responsible for preparing the resolution of the Supervisory Board regarding the approval of the financial statements and the group sustainability report, discusses the quarterly information and 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)
- Ernesto Gardelliano (financial expert)
- Albert Graf (from 7 November 2025) (financial expert)
- Stefanie Oeschger (independent financial expert)
- Thomas Pfeil (financial expert) and
- Dr. Jan-Erik Walter.

At its meeting on 7 November 2025, the Supervisory Board elected Albert Graf as a member of the Audit Committee with immediate effect, replacing Martin Butz, who stepped down with effect from 31 October 2025.

In 2025, the Audit Committee met four times, on 21 February, 6 May, 21 July and 28 October 2025. The topics discussed included, among other things, financial and non-financial reporting including sustainability topics (ESG), the financial results, other finance topics, internal audit including the internal control systems, risk management, compliance, data protection, cyber security und 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.

If necessary, the Audit Committee also took resolutions outside meetings by e-mail during the reporting period.

In 2026, the Audit Committee met once, on 23 February 2026.

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:

- Peter Löscher (Chairman; independent)
- María García-Legaz Ponce
- Cansever Heil and
- Dr Jan-Erik Walter.

The **Remuneration Committee** is responsible for the preparation of topics relating to the remuneration of the Management Board and Supervisory Board. The Remuneration Committee makes recommendations to the full Supervisory Board in this regard.

The Remuneration Committee met five times in 2025. The Remuneration Committee dealt intensively, among other things, with preparations for resolutions of the Supervisory Board on Management Board compensation issues, including Board Member service agreements.

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 to the full Supervisory Board.

The **Nomination Committee** proposes suitable candidates to the Supervisory Board for election proposals to the Annual General Meeting.

As of 31 December 2025, the **Nomination Committee** consisted of the following members:

- Peter Löscher (Chairman; independent)
- Ángel Vilá Boix (from 6 May 2025)
- Ernesto Gardelliano and
- Jaime Smith Basterra (independent).

At its meeting on 6 May 2025, the Supervisory Board elected Ángel Vilá Boix as a member of the Nomination Committee with immediate effect, replacing Pablo de Carvajal González, who resigned with effect from 13 March 2025.

The Nomination Committee met once in the reporting year 2025 and decided to propose to the Supervisory Board to support the court appointment of Ángel Vilá Boix. It also drew up the election proposal for the Annual General Meeting on 1 July 2025.

The Chairman of the Nomination Committee reports on the activities of the Nomination Committee to the full Supervisory Board.

The **Related Party Transactions Committee** monitors and resolves on certain transactions with affiliated companies on behalf of the full Supervisory Board. Even after the company is delisted at the end of 18 April 2024, an arm's length comparison will continue to be carried out when reviewing relevant transactions. The majority of its members have in principle no conflicts of interest with regard to the controlling shareholder.

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

- Peter Löscher (Chairman)
- Ángel Vilá Boix (from 6 May 2025)
- Michael Hoffmann
- Christoph Heil and
- Barbara Rothfuß.

At its meeting on 6 May 2025, the Supervisory Board elected Ángel Vilá Boix as a member of the Related Party Transactions Committee with immediate effect, replacing Pablo de Carvajal González, who resigned with effect from 13 March 2025.

The Related Party Transactions Committee met five times in 2025. At these meetings, the Related Party Transactions Committee dealt with the quarterly monitoring of transactions with affiliated companies.

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

As of 31 December 2025, 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 and
- Barbara Rothfuß.

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

Corporate Governance

Good corporate governance is essential for corporate success and is therefore in the interest of the company's shareholders.

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 or were closely related to the major shareholder. Both the Supervisory Board members and the Management Board members disclose potential conflicts of interest promptly to the Supervisory Board.

In the reporting period, no conflicts of interest arose.

Diversity

As of 31 December 2025, the Supervisory Board comprised five female and eleven male members. Thus, the Supervisory Board continued to fulfill the gender quota adopted by the Supervisory Board for itself in accordance with the requirements of section 96 para. 2 German Stock Corporation Act (AktG), stipulating a minimum proportion of five female members out of 16 members throughout the entire financial year.

Following the revocation of the stock exchange listing, which rendered section 76 para. 3a AktG inapplicable, the Supervisory Board set a target for the proportion of women on the Management Board in accordance with section 111 para. 5 AktG of two out of seven, to be achieved by 31 July 2026. The quota was met throughout the entire reporting period.

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 and training measures are offered, for example, on new topics relevant to the company's activities.

Review of the Financial Statements 2025

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has audited the annual financial statements and consolidated financial statements as well as the combined management report for Telefónica Deutschland Holding AG and the Group as of 31 December 2025 and provided each with an unqualified audit opinion. The annual financial statements 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 HGB considering German principles of proper auditing set by the Institute of Public Auditors in Germany (IDW). Since Telefónica Deutschland Holding AG is a small corporation following the discontinuation of its stock market listing, an audit of the annual financial statements is no longer legally required. The audit of the annual financial statements was therefore voluntary.

The financial statements documentation of Telefónica Deutschland Holding AG and the Group, as well as the respective auditor's reports were submitted to the Supervisory Board in good time prior to the meeting on 23 February 2026 ("Bilanzsitzung"). The Audit Committee and the full Supervisory Board thoroughly reviewed the annual financial statements ("Jahresabschluss"), the consolidated financial statements, the combined management report for Telefónica Deutschland Holding AG and the Group, and the respective auditor's reports and discussed the documents in detail together with the auditor on 23 February 2026. The auditor also reported on the scope, focus, and results of his audit. The Supervisory Board approved the auditor's findings in the audit reports and had no objections after its own assessment.

At its meeting on 23 February 2026, 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 2025; the financial statements of Telefónica Deutschland Holding AG are 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 AktG was also audited by the auditor. With respect thereto, the auditor issued the following unqualified audit opinion ("Uneingeschränkter Bestätigungsvermerk"):

"Based on our due diligence 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."

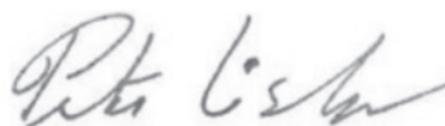
The dependency report as prepared by the Management Board and audited by the auditor as well as the audit report on the dependency report were submitted to the Supervisory Board in a timely manner and discussed in detail at the meeting on 23 February 2026 also with the auditor. Having reviewed the dependency report and the corresponding audit report, the Supervisory Board approved 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 2025 financial year and for their cooperation, which has always been based on trust.

Furthermore, the Supervisory Board would also like to thank all Telefónica Deutschland Group employees, who once again demonstrated outstanding commitment during this special period and made a very significant contribution to the success of the company. We would also like to express our particular gratitude to Markus Haas, who served as CEO for many years, for his extraordinary commitment to Telefónica Deutschland. The Supervisory Board is delighted that Santiago Argelich Hesse could be secured as CEO of Telefónica Deutschland and will be shaping the company's transformation and growth strategy. The Supervisory Board would also like to thank the departing Supervisory Board members Pablo de Carvajal González, Martin Butz and Barbara Rothfuß for their longstanding and trusting cooperation.

Munich, 23 February 2026

On behalf of the Supervisory Board



Peter Löscher

Chairman of the Supervisory Board of
Telefónica Deutschland Holding AG

Glossary

The Glossary also contains abbreviations as used in the Combined Management Report.

2G	Designation of the second-generation mobile communications standard; introduction of digital voice transmission and SMS services
4G	Designation of the fourth-generation mobile communications standard (mainly LTE)
5G	Designation of the fifth-generation mobile communications standard; connects fixed and mobile networks, supports IoT and offers high data rates
5G SA/5G NSA (5G Plus)	5G architectures; 5G Plus = 5G standalone in the O ₂ network
AG	Aktiengesellschaft (stock corporation)
AI	Artificial intelligence
AktG	Aktiengesetz (German Stock Corporation Act)
aL	After lease
ARPU	Average Revenue Per User: A key figure that denotes the average revenue per active user in a given period
Augmented Reality (AR)	Computer-aided augmentation of reality
B2B	Business-to-Business
B2C	Business-to-Consumer
Bitkom	Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V., Berlin (German Federal Association for Information Technology, Telecommunications and New Media, Berlin)
BMDS	Bundesministerium für Digitales und Staatsmodernisierung (German Federal Ministry for Digital Transformation and Government Modernisation)
BMI	Bundesministerium des Innern (German Federal Ministry of the Interior)
BNetzA	Bundesnetzagentur (German Federal Network Agency)
bp	Basis point
Broadband	Refers to telecommunication in which a wide band of frequencies is available to transmit information
B.V.	Besloten vennootschap, Dutch limited liability company
Cap	Capping limit
CapEx	Capital expenditure: Investments in property, plant and equipment and intangible assets excluding investments in mobile frequency licences and business combinations
CapEx/Sales ratio	Investment ratio: reflects the percentage share of investments in revenues
CDS	Credit Default Swap
CER	Critical Entities Resilience Directive, an EU directive to strengthen the physical resilience of critical infrastructures
CGU	Cash-Generating Unit
Churn	Loss of customers within a certain period of time, often expressed as a percentage
Cloud services	Dynamic infrastructures, software and platform services that are available via the internet
CO₂	Carbon dioxide
CPI	Consumer price index
CRM	Customer Relationship Management
DBO	Defined Benefit Obligation: present value of pension obligations earned
DNA	Digital Networks Act
DSL	Digital Subscriber Line: technology for data transmission over copper wires in the local loop
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EEA	European Economic Area
EIB	European Investment Bank
EnEfG	Energieeffizienzgesetz (Energy Efficiency Act – law to increase energy efficiency in Germany)
ESG	Environmental, Social, Governance
EU	European Union
EUR	euro
FCF	Free cash flow

FCF aL	Free cash flow after lease
FMS	Fixed-Mobile Substitution: replacing fixed-network services with mobile telephony services
FTE	Full-time equivalent
FTR	Fixed Termination Rate
FTTB	Fibre To The Building or Fibre To The Basement: in telecommunications, FTTB means that the fibre-optic cable is terminated in the user's house (basement)
FTTH	Fibre To The Home
GB	Gigabyte
Gbit	Gigabit
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GfK	Growth from Knowledge, German market research institute
GHz	Gigahertz
GIA	Gigabit Infrastructure Act
GOV	Disclosure requirements regarding governance
HGB	Handelsgesetzbuch (German Commercial Code)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICS	Internal control system
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V. (Institute of Public Auditors in Germany), Düsseldorf
IFRS	International Financial Reporting Standards
IoT	Internet of Things
ISMS	Information Security Management Systems
ISO	International Organization for Standardization
IT	Information Technology
IZMF	Informationszentrum Mobilfunk (Mobile Telecommunications Information Centre)
Joint Venture	A company jointly controlled by two or more companies with shared control over net assets
KPI	Key performance indicator
KRITIS	Kritische Infrastruktur (critical infrastructure)
LTE	Long-Term Evolution: further development of the UMTS/HSPA mobile communications standard
LTM	Last twelve months (incl. for leverage)
M2M	Machine-to-Machine communication: automatic exchange of information between machines
Mbit	Megabit
MHz	Megahertz
MTR	Mobile network termination rate
MVNO	Mobile Virtual Network Operator
NIM	Nürnberg Institut für Marktentscheidungen (Nuremberg Institute for Market Decisions)
NIS-2	EU Network and Information Security Directive: strengthens cybersecurity through mandatory IT security measures, risk analyses, and reporting requirements
NRA	National Roaming Agreement
O2 (Europe) Limited	O2 (Europe) Limited, Slough, United Kingdom
O₂ Mobile	O ₂ Mobile refers to the mobile tariffs of the O ₂ Telefónica core brand O ₂ with postpaid payment methods; our customers are able to choose between different contract terms and data volumes from several gigabytes per month up to real data flat rates
O₂ My Handy	Monthly payment model for mobile phones and other hardware
O-RAN	Open Radio Access Network
OCI	Other comprehensive income (non-operating income, e.g. IAS 19)
OECD	Organisation for Economic Co-operation and Development
OHG	Offene Handelsgesellschaft (general partnership)
OpCF aL	Operating cash flow after lease: EBITDA aL minus CapEx
OpEx	Operational expenditure
OTT	Over-the-top: IP-based and platform-independent services and applications (WhatsApp, Facebook etc.)
Postpaid/Prepaid	In contrast to postpaid contracts, prepaid contracts purchase the credit balance in advance without a fixed contractual commitment
PPA	Power Purchase Agreement
Roaming	Using a communication device or subscriber identity in a network other than one's home network
s	Second
SBM	Disclosure requirements regarding strategy
S.L.U.	Sociedad Limitada Unipersonal: A Spanish company form for a single-member limited liability company

SME	Small and medium-sized enterprises
SMS	Short Message Service
Spectrum	Frequency rights of use or mobile frequency licences
Telefónica Deutschland	Telefónica Deutschland Holding AG, Munich, Germany
Telefónica Deutschland Group	The companies included in the Consolidated Financial Statements of Telefónica Deutschland
Telefónica, S.A.	Telefónica, S.A., Madrid, Spain
TKG	Telekommunikationsgesetz (Telecommunications Act)
TKMV	Telekommunikationsmindestversorgungsverordnung (German Telecommunications Minimum Supply Ordinance)
Translation risk	The risk arising from the translation of accounting items at a later reporting date
UGG	Unsere Grüne Glasfaser
VATM	Verband der Anbieter von Telekommunikations- und Mehrwertdiensten e. V. (Association of Telecommunications and Value-Added Service Providers), Berlin
VDSL	Very High Data Rate Digital Subscriber Line: DSL technology with significantly higher data transfer rates (see also DSL)
Vectoring	Vectoring is a noise-cancelling technology that removes the electro-magnetic interference between lines, enabling higher bit rates
Virtual Reality (VR)	Computer-generated representation of a world (in real time)
Wholesale	Selling services to third parties who sell them to their own end customers either directly or after further processing

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