

Supervisory Board Report for the Financial Year 2024

Dear Shareholders,

We look back on a financial year 2024 in which the geopolitical situation intensified and economic development in Germany continued to deteriorate. In this challenging environment, Telefónica Deutschland had a successful financial year 2024, improving its operational and financial key figures and implementing strategically important steps. With 824,000 additional mobile contract customers, our company grew faster than the market and continued the growth momentum of previous years. This positive development was largely driven by our strong core brand O₂. In order to tap further growth potential in the future, the company substantially expanded its partner business in the financial year 2024. The company has linked the business customer segment more closely to the technology organization. The strategic development of the O₂ brand and the various customer segments are key components of the "Accelerated Growth & Efficiency Plan". The company's strategic plan aims to make the company's business model even more resilient and to generate further profitable growth by 2026 with its own customers and partners. The quality of the mobile network is central to our success. Telefónica Deutschland further expanded its 5G network in record time and again invested more than one billion euros in networks and services in the past financial year. With more than 7,500 expansion measures, the company further improved its mobile network in Germany, making the everyday lives of millions of people better.

In the financial year 2024, the Management Board and Supervisory Board came to the conclusion that the stock exchange listing had lost its strategic significance and that a delisting was therefore advantageous for Telefónica Deutschland from an operational and financial point of view.

With effect from the end of 18 April 2024, the management of the German Stock Exchange revoked the admission of Telefónica Deutschland Holding AG's shares to trading on the Frankfurt Stock Exchange, as requested. This marked the end of the company's almost ten-year history as a publicly listed company.



Peter Löscher

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

Composition of the Supervisory Board

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

The Supervisory Board consisted of the following members throughout the financial year 2024: 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* (Deputy Chairman), Joachim Rieger*, Barbara Rothfuß*, Jaime Smith Basterra and Dr Jan-Erik Walter*.

Further information, including curricula vitae of the members of the Supervisory Board, can be found on the company's website at www.telefonica.de/supervisory-board.

* Employee Representative

The member Michael Hoffmann, who is independent of the controlling shareholder as well as of the company and the Management Board, is the Chairman of the Audit Committee.

The Supervisory Board included at least one member with expertise in the field of accounting and auditing, Michael Hoffmann, and at least one further member with expertise in the field of accounting and auditing, Ernesto Gardelliano, in the reporting period. In addition, Thomas Pfeil, Stefanie Oeschger and Jaime Smith Basterra also have corresponding expertise. The members of the Supervisory Board as a whole were familiar with the sector in which the company operates.

Composition of the Management Board

In the financial year 2024, 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 and Corporate Affairs), Nicole Gerhardt (Chief Organisational Development & People Officer and Labour Director ("Arbeitsdirektorin")), Andreas Laukenmann (Chief Consumer Officer), Alfons Lösing (Chief Partner & Wholesale Officer) and Mallik Rao (Chief Technology & Enterprise Officer).

Cooperation between the Management Board and Supervisory Board

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

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

The Management Board involved the Supervisory Board in all material decisions in a timely manner, submitted reports to the Supervisory Board in oral and written form and provided additional information when required. Where approval by the Supervisory Board was required by law, the articles of association or the by-laws, this was given after intensive consultation, evaluation and discussion in the Supervisory Board and – where relevant – in the committees set up by the Supervisory Board for this purpose.

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

During the reporting period, the Chairman of the Supervisory Board regularly exchanged information with the Management Board, in particular with the CEO. Regular alignment meetings took place between the Chairperson of the Supervisory Board and the CEO.

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. In that context, it was discussed how corporate responsibility and ESG (Environmental, Social, Governance) are included in the company's operations and strategy and the strategy and its implementation were reflected.

Meetings of the Supervisory Board

In 2024, five regular meetings were held on 19 February, 6 May, 18 July, 4 November and 17 December 2024. The Supervisory Board's regular consultations focused in particular on the presentation of Telefónica Deutschland group's current situation, including in the individual business areas, as well as key strategic topics such as regulation, digitalisation and transformation, but also the impact of current geopolitical developments on the company. In addition to regular and event-driven information on these topics, there were annual in-depth presentations of the internal audit and the risk management systems, as well as of compliance, data protection and security (business resilience) including business continuity management. Internal Supervisory Board matters and Management Board matters 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 plans for the Management Board. The first regular meeting of the Supervisory Board in the financial year 2024 was the balance sheet meeting for the financial year 2023, which took place on 19 February 2024. This meeting focussed on the review and approval of the annual and consolidated financial statements and the combined management report for the financial year 2023, as well as the dependency report and the separate non-financial Group report and the proposals for the distribution of profits.

At the Supervisory Board meeting on 4 November 2024, the early extension of the contract and appointment to the Management Board of technology Management Board member Mallik Rao was approved, along with an expansion of his role to Inter alia include the B2B area, and a corresponding adjustment of his title to Chief Technology & Enterprise Officer.

At the Supervisory Board meeting on 17 December 2024, the main focus was on the Long Term Business Plan presented during the strategy day on 17 July and on discussion of the budget 2025 and the the resolution on the budget 2025.

In addition, there were three extraordinary meetings of the Supervisory Board, two of which dealt with the so-called delisting, namely the delisting agreement and the delisting offer. Immediately after the Annual General Meeting, a Supervisory Board meeting was held on 18 June 2024, at which Michael Hoffmann was confirmed as a member and Chairman of the Audit Committee and a member of the Related Party Transactions Committee, and Julio Linares López was confirmed as a member of the Mediation Committee. Furthermore, Peter Löscher was elected as a member and Chairman of the Remuneration Committee.

There has been one regular Supervisory Board meeting so far in 2025. The balance sheet meeting for the financial year 2024 took place on 21 February 2025. In addition to financial topics, the balance sheet meeting dealt in particular with preparations for the Annual General Meeting 2025. In the internal part of the meeting, the Supervisory Board's report on the financial year 2024 was one of the topics discussed. Furthermore the extension of the Board Member service agreement and the appointment of Markus Haas as Chairman of the Management Board until 31 December 2028, in accordance with the Remuneration Committee's recommendation was approved.

Insofar as members could not attend meetings of the Supervisory Board or relevant committee meetings in isolated cases, they were excused. They participated then in the passing of resolutions by written vote. One exception to this related to the extraordinary Supervisory Board meeting regarding the delisting agreement and the public delisting acquisition offer of Telefónica Local Services GmbH, at which the members Pablo de Carvajal González, María García-Legaz Ponce, Ernesto Gardelliano and Julio Linares López declared themselves to be biased with regard to the public acquisition offer and did not participate in the meeting or the resolution.

Where necessary, the Supervisory Board also passed resolutions outside of meetings.

Committees of the Supervisory Board

As of 31 December 2024, the Supervisory Board has installed five permanent 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, the Nomination Committee met once in the reporting year. The Mediation Committee only meets when necessary and did not meet during the reporting year. In the financial year 2024, the Acquisition Offer Committee, which had been implemented in 2023 as a temporary committee, met once.

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

In 2024, the Audit Committee met four times, on 19 February, 6 May, 18 July and 4 November 2024. The topics discussed included, among other things, financial and non-financial reporting including sustainability topics (ESG), the financial results, other finance topics, internal audit, risk management, compliance, data protection, cyber security and business continuity management, as well as the assessment of quality of the auditor's work. Furthermore, the Supervisory Board's meeting on financial statements and corresponding recommendations to the full board were prepared.

If necessary, the Audit Committee also took resolutions outside meetings by e-mail during the reporting period.

In 2025, the Audit Committee met once, on 21 February 2025.

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 (since 18 June 2024) (Chairman; independent)
- María García-Legaz Ponce
- Cansever Heil and
- Dr Jan-Erik Walter.

Michael Hoffmann left the Remuneration Committee as of the end of the company's AGM on 18 June 2024.

The **Remuneration Committee** is responsible for the preparation of topics relating to the remuneration of the Management Board and Supervisory Board. Insofar as Supervisory Board compensation is concerned, this applies only

to the extent that it falls within the remit of the Supervisory Board, particularly in the context of the “say on pay” requirements. The Remuneration Committee makes recommendations to the full Supervisory Board in this regard.

The Remuneration Committee met three times in 2024. The Remuneration Committee dealt intensively, among other things, with preparations for resolutions of the Supervisory Board on Management Board remuneration issues, including the adjustment of the Management Board remuneration system.

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

The Chairman of the Remuneration Committee reported regularly on the activities of the Remuneration Committee 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 2024, the Nomination Committee consisted of the following members:

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

The Nomination Committee met once in the reporting year 2024, and prepared the election proposal to the AGM on 18 June 2024.

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, until the delisting also pursuant to sections 111a, b German Stock Corporation Act (AktG). Even after the delisting on 18 April 2024, a third-party comparison will be carried out when examining relevant transactions. The majority of its members have no 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)
- Pablo de Carvajal González
- Michael Hoffmann
- Christoph Heil and
- Barbara Rothfuß.

The Related Party Transactions Committee met four times in 2024. At these meetings, the Related Party Transactions Committee dealt with the quarterly monitoring of transactions with affiliated companies and dealt with transactions with affiliated companies that did not trigger any disclosure obligations under section 111c of the German Stock Corporation Act (AktG).

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

As of 31 December 2024, 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.

In order to deal with the tasks of the Supervisory Board in connection with the public delisting acquisition offer of Telefónica Local Services GmbH appropriately and without conflicts of interest, the Supervisory Board, the **Acquisition Offer Committee**, implemented in the financial year 2023, was entrusted with the discussion and resolution. In place of the Supervisory Board and within the scope of the authorisation granted, this committee performed the tasks of the Supervisory Board in connection with the public delisting acquisition offer, in particular the evaluation of the offer and the preparation of the legally required statement for resolution by the full Supervisory Board.

The members of the **Acquisition Offer Committee** are:

- Peter Löscher (Chairman, independent)
- Martin Butz
- Christoph Heil
- Michael Hoffmann (independent)
- Thomas Pfeil and
- Jaime Smith Basterra (independent).

The Acquisition Offer Committee met once in the past financial year. As part of its duties, the committee formed a well-founded and reasoned opinion on the acquisition offer and prepared a corresponding statement for resolution by the full Supervisory Board. The Acquisition Offer Committee was dissolved at the Supervisory Board meeting on 6 May 2024.

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.

The members of the Supervisory Board Pablo de Carvajal González, María García-Legaz Ponce and Ernesto Gardelliano are active in executive functions of the Telefónica, S.A. Supervisory Board member Julio Linares López held executive positions at the Bidder Parent and its subsidiaries for many years until 2022 and is currently a member of the board of trustees of the Telefónica Foundation (Fundación Telefónica), which is closely linked to the Bidder Parent. These four Supervisory Board members have therefore declared themselves to be biased with regard to the offer and the submission of the legally required statement. In accordance with their own declarations of bias, these members of the Supervisory Board did not participate in any deliberations or resolutions of the Supervisory Board with regard to the Offer and the Statement adopted in this respect or in discussions with other third parties.

In the reporting period, no other conflicts of interest arose.

Diversity

As of 31 December 2024, the Supervisory Board comprised five female and eleven male members. Thus, the Supervisory Board continued to fulfil the requirements of section 96 para. 2 German Stock Corporation Act (AktG) which the Supervisory Board also adopted for itself (a gender diversity quota of at least 30 %), which shall be fulfilled separately by shareholder and employee representatives side following a shareholder representative resolution. This quota was fulfilled during the entire financial year with three female members on the employee representative side and two female members on the shareholder representative side. Following the delisting, the Supervisory Board set a new gender quota that provides for a minimum of five female members out of 16 and was adhered to throughout the entire financial year.

With more than one member, the requirements of Sect. 76 para 3a Stock Corporation Act (AktG) were also met. After delisting and the corresponding end of applicability of Sect. 76 para 3a AktG, the Supervisory Board set a target for the minimum gender diversity quota for the Management Board in accordance with Section 111 para. 5 of AktG at two out of seven, to be fulfilled by 31 July 2026.

Support of Members of the Supervisory Board

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

Review of the Financial Statements 2024

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft audited the annual financial statements and the consolidated financial statements as well as the combined management report of Telefónica Deutschland Holding AG and the Group as of 31 December 2024 and provided each with an unqualified audit opinion. The annual financial statement of Telefónica Deutschland Holding AG and the combined management report for Telefónica Deutschland Holding AG and the Telefónica Deutschland Group were prepared in accordance with German commercial law. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as they are applied in the European Union (EU) and the additional requirements which have to be applied in accordance with section 315e para 1 German Commercial Code (HGB). The auditor carried out the audit in accordance with section 317 German Commercial Code (HGB) considering German principles of proper auditing set by the Institute of Public Auditors in Germany (IDW). Since Telefónica Deutschland Holding AG is a small corporation following the discontinuation of its stock market listing, an audit of the financial statements is no longer legally required. The audit of the annual financial statements was therefore voluntary.

The financial statement documentation of Telefónica Deutschland Holding AG and the Group, the Group sustainability report for Telefónica Deutschland Holding AG for the financial year 2024 as well as the respective auditor's reports were submitted to the Supervisory Board prior to the meeting on 21 February 2025 ("Bilanzsitzung"). The Audit

Committee and the full Supervisory Board thoroughly reviewed the Annual Financial Statement ("Jahresabschluss"), the Group financial statements, the combined management report for Telefónica Deutschland Holding AG and the Group, the Group sustainability report and the respective auditor's reports and discussed the documents in detail together with the auditor on 21 February 2025. The auditor also reported on scope, material aspects and results of his audit. Management Board explained in this meeting besides the annual financial statements of Telefónica Deutschland Holding AG and the Group, the combined management report for Telefónica Deutschland Holding AG and the Group also the Group sustainability report. The Supervisory Board approved the auditor's findings in the audit reports and had no objections after its own assessment.

At its meeting on 21 February 2025, 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 2024; 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 of the German Stock Corporation Act was also audited by the auditor. With respect thereto, the auditor issued the following unqualified opinion ("Uneingeschränkter Bestätigungsvermerk"):

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

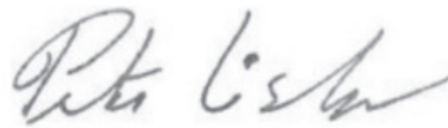
1. the factual disclosures provided in the report are correct,
2. the company's consideration concerning legal transactions referred to in the report was not unduly high,
3. there are no circumstances indicating a materially different assessment of the measures referred to in the report than the assessment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

The dependency report as prepared by the Management Board and audited by the auditor as well as the audit report on the dependency report were submitted to the Supervisory Board and discussed in detail in the meeting on 21 February 2025 also with the auditor. Having reviewed the dependency report and the corresponding audit report, the Supervisory Board agreed with the results of the audit of the dependency report and as the result of its own assessment had no objections against the dependency report and the Management Board's declaration contained therein.

The Supervisory Board would like to thank the entire Management Board for their outstanding performance in the once again challenging 2024 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 showed outstanding commitment during this special period and made a very significant contribution to the success of the company.

Munich, 21 February 2025

On behalf of the Supervisory Board



Peter Löscher

Chairman of the Supervisory Board of
Telefónica Deutschland Holding AG