

Mandatory publication
pursuant to section 27 para. 3 in conjunction with section 14 para. 3 sentence 1
of the German Securities
Acquisition and Takeover Act (*WpÜG*)



**Joint reasoned statement
of the Management Board and the Supervisory Board**

of

TELEFÓNICA DEUTSCHLAND HOLDING AG

Georg-Brauchle-Ring 50
80992 Munich
Federal Republic of Germany

on the

**voluntary public acquisition offer in the form of a partial offer
(cash offer)**

by

TELEFÓNICA LOCAL SERVICES GMBH

Adalperostrasse 82-86
85737 Ismaning
Federal Republic of Germany

to the shareholders of Telefónica Deutschland Holding AG

Telefónica Deutschland Shares: ISIN DE000A1J5RX9
Telefónica Deutschland Shares Tendered: ISIN DE000A3MQD87

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I. GENERAL INFORMATION ABOUT THIS REASONED STATEMENT

Telefónica Local Services GmbH, a limited liability company incorporated under the laws of the Federal Republic of Germany (*Germany*), with its registered office in Ismaning, Germany, registered in the commercial register of the local court of Munich under HRB 287256, business address: Adalperostrasse 82-86, 85737 Ismaning, Germany (the *Bidder*), submitted on 5 December 2023 pursuant to section 14 para. 2 sentence 1, para. 3 sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz - WpÜG*) by publishing the offer document within the meaning of section 11 WpÜG (*Offer Document*), a voluntary public acquisition offer in the form of a partial offer (*Offer* or *Acquisition Offer*) to the shareholders of Telefónica Deutschland Holding AG, a stock corporation incorporated under German law with its registered office in Munich, Germany, registered in the commercial register of the local court of Munich under HRB 201055, business address: Georg-Brauchle-Ring 50, 80992 Munich, Germany (*Telefónica Deutschland* or *Company* and together with its dependent companies within the meaning of section 17 of the German Stock Corporation Act (*Aktiengesetz - AktG*) the *Telefónica Deutschland Group*). The sole shareholder of the Bidder is Telefónica, S.A., a stock corporation under the laws of the Kingdom of Spain (*Sociedad Anónima*) with its registered office in Madrid, Kingdom of Spain (*Spain*), registered with the commercial register of Madrid (*Registro Mercantil de Madrid*) under registration number M-6.164 (*Bidder Parent Company*).

The Offer is addressed to all shareholders of the Company (*Telefónica Deutschland Shareholders*) and relates to the acquisition of up to 550,882,742 non-par value registered shares of the Company (ISIN DE000A1J5RX9) held by them (i.e. up to approximately 18.52 % of all shares of Telefónica Deutschland), which are not directly held by the Bidder, each with a notional pro rata amount of the share capital of EUR 1.00 and each including all ancillary rights existing at the time of settlement of the Offer, in particular the dividend subscription right (each a *Telefónica Deutschland Share* and together the *Telefónica Deutschland Shares*), against a cash consideration of EUR 2.35 per Telefónica Deutschland Share (cash offer).

The management board of the Company (*Management Board*) forwarded the Offer Document, without undue delay after submission by the Bidder, to the supervisory board of the Company (*Supervisory Board*) and the responsible works council.

In connection with the following reasoned statement within the meaning of section 27 WpÜG on the Offer (the *Reasoned Statement* or the *Statement*), the Management Board and the Supervisory Board call attention to the following:

1. Legal basis of this Reasoned Statement

Pursuant to section 27 para. 1 sentence 1, para. 3 sentence 1 WpÜG, the management board and the supervisory board of the company must without undue delay after the submission of the offer document pursuant to section 14 para. 4 sentence 1 WpÜG issue and publish a reasoned statement on the offer and any amendments thereto. The statement may be issued jointly by the management board and the supervisory board. With regard to the Bidder's Offer, the Management Board and the Supervisory Board have decided to issue a joint reasoned statement pursuant to section 27 WpÜG.

In their Statement, the Management Board and the Supervisory Board must, pursuant to section 27 para. 1 sentence 2 WpÜG, address in particular (i) the type and amount of the consideration offered, (ii) the expected consequences of a successful offer for the Company, the employees and their representatives, the employment conditions and the locations of the Company, (iii) the objectives pursued by the Bidder with the Offer and (iv) the intention of the members of the Management Board and the Supervisory Board, insofar as they are holders of securities of the Company, to accept the Offer.

The members of the Management Board discussed the Statement on 13 December 2023 and passed a unanimous resolution to issue this Statement.

The Supervisory Board has established an acquisition offer committee (*Acquisition Offer Committee*) and authorized it to support the Supervisory Board in preparing the Statement. The resolution on the Statement was reserved for the Supervisory Board. The Supervisory Board discussed the Statement at its meeting on 12 December 2023 and also passed a unanimous resolution to issue this Statement (for further details, please refer to Section IX, Item 2 of this Statement).

2. Factual basis of this Reasoned Statement

Time references in this Reasoned Statement refer to Central European Time (*CET*). The currency "*EUR*" (*EUR*) or "*Euro*" (*Euro*) refers to the currency of the European Economic and Monetary Union in accordance with article 3 para. 4 of the Treaty on European Union. References to a *Banking Day* refer to a day on which banks in Frankfurt am Main, Germany, are open for general business and references to an *Exchange Trading Day* refer to a day on which the Frankfurt Stock Exchange is open for trading.

Wherever terms such as "*currently*", "*at present*", "*presently*", "*now*" or "*today*" or similar terms are used in this Reasoned Statement, they refer to the time of publication of this Reasoned Statement, unless expressly stated otherwise. This Reasoned Statement contains forecasts, assessments, evaluations, forward-looking statements and declarations of intent. Such statements are characterized in particular by expressions

such as "expects", "believes", "is of the opinion", "attempts", "estimates", "intends", "plans", "assumes" and "endeavors". Such statements, forecasts, assessments, evaluations, forward-looking statements and declarations of intent are based on the information available to the Management Board and the Supervisory Board on the date of publication of this Reasoned Statement or reflect their assessments or intentions at that time. This information may change after the publication of this Reasoned Statement. Assumptions may also prove to be incorrect in the future. The Management Board and the Supervisory Board assume no obligation to update this Reasoned Statement unless such an update is required by law.

The information in this document about the Bidder and the Offer is based on the information in the Offer Document and other publicly available information (unless expressly stated otherwise). The Management Board and the Supervisory Board point out that they cannot verify or fully verify the information provided by the Bidder in the Offer Document and cannot guarantee that the Bidder's intentions will be realized. To the extent that this Statement refers to, quotes or reproduces the Offer Document, it is a mere reference by which the Management Board and the Supervisory Board neither adopt the Bidder's Offer Document as their own nor assume any liability for the accuracy or completeness of the Offer Document.

For reasons of better readability, the simultaneous use of the language forms male, female and diverse (m/f/d) is omitted. All personal designations apply equally to all genders.

3. Publication of this Reasoned Statement and any additional reasoned statements on any amendments to the Offer

The Statement and any amendments hereto, as well as all statements on any amendments to the Offer, will be published on the Company's website under "*Investor Relations*" (<https://www.telefonica.de/investor-relations.html>), there in the section "*Legal Information*", in accordance with section 27 para. 3 sentence 1 and section 14 para. 3 sentence 1 WpÜG.

Copies of the Reasoned Statement will also be made available free of charge at the offices of Telefónica Deutschland Holding AG, Georg-Brauchle-Ring 50, 80992 Munich, Germany. Notice of publication and availability free of charge will be given in the German Federal Gazette.

This Reasoned Statement and, if applicable, any amendments hereto as well as any additional statements on possible amendments to the Offer will be published in German and as a non-binding English translation. The Management Board and the

Supervisory Board assume no liability for the accuracy and completeness of the English translation. Only the German version is authoritative.

4. Statement of the responsible works council

The competent works council of the Company may submit a statement to the Management Board on the Offer pursuant to section 27 para. 2 WpÜG, which the Management Board must attach to its Statement pursuant to section 27 para. 2 WpÜG, notwithstanding its obligation pursuant to section 27 para. 3 sentence 1 WpÜG. The competent works council of the Company has not issued its own statement at the time of this Statement.

5. Responsibility of the Telefónica Deutschland Shareholders

The Management Board and the Supervisory Board point out that the description of the Bidder's Offer contained in this Reasoned Statement does not claim to be complete and that the provisions of the Offer Document alone are decisive for the content and settlement of the Offer.

The Management Board and the Supervisory Board further point out that the statements and assessments in this Reasoned Statement are not binding on the Telefónica Deutschland Shareholders. Each Telefónica Deutschland Shareholder must make its own assessment, taking into account the overall circumstances, its individual circumstances (including its personal tax situation) and its personal assessment of the future development of the value and stock exchange price of the Telefónica Deutschland Shares, as to whether and, if so, for how many of its Telefónica Deutschland Shares it accepts the Offer.

When deciding whether to accept the Offer, Telefónica Deutschland Shareholders should use all available sources of information and take their personal circumstances into sufficient consideration. In particular, the specific financial or tax situation of individual Telefónica Deutschland Shareholders may in individual cases lead to different assessments than those presented by the Management Board and the Supervisory Board. The Management Board and the Supervisory Board therefore recommend that Telefónica Deutschland Shareholders, if necessary, obtain independent tax and legal advice on their own responsibility and assume no liability for the decision of a Telefónica Deutschland Shareholder with regard to the Offer.

The Bidder points out in Section 1.1 of the Offer Document that the Offer is made exclusively in accordance with German takeover law (as defined below) and certain applicable provisions of the securities laws of the United States of America (the *United*

States). According to the Bidder, the Offer does not constitute a public offer under any laws other than those of the Federal Republic of Germany and (to the extent applicable) the United States. Consequently, according to the Bidder, Telefónica Deutschland Shareholders may not rely on the application of provisions other than those of the Federal Republic of Germany and the United States (to the extent applicable). Any contract that comes into existence as a result of the acceptance of this Acquisition Offer will, according to the Offer Document, be governed exclusively by the laws of the Federal Republic of Germany.

Furthermore, the Bidder points out in Section 1.2 of the Offer Document that the Offer relates to shares of a German stock corporation and is subject to the statutory provisions of the Federal Republic of Germany on the implementation of such an Offer. According to the Bidder, the Offer is not subject to the review or registration procedures of any securities regulatory authority outside the Federal Republic of Germany and has not been approved or recommended by any securities regulatory authority outside the Federal Republic of Germany. In particular, according to the Bidder, neither the Offer nor the Offer Document has been approved or disapproved by the United States Securities and Exchange Commission (*SEC*) or any other regulatory authority of the United States, nor have such authorities determined or confirmed the adequacy or accuracy of the information contained in the Offer Document or the merits of the Offer.

To Telefónica Deutschland Shareholders with their place of residence, registered office or habitual abode in the United States (*US Shareholders*) the Bidder points out in Section 22 of the Offer Document that the Offer is made with respect to securities of a company that is a foreign private issuer within the meaning of the United States Securities Exchange Act of 1934, as amended (*Exchange Act*) and whose shares are not registered under section 12 of the Exchange Act. According to the Bidder, the Offer is being made in the United States pursuant to the Tier 2 exemption in Rule 14d-1 under the Exchange Act from certain requirements of the Exchange Act and is generally subject to the disclosure and other requirements and procedures of the Federal Republic of Germany, which differ from the requirements and procedures in the United States.

In Section 22 of the Offer Document, the Bidder further points out that it and/or persons acting jointly with it within the meaning of section 2 para. 5 WpÜG have acquired Telefónica Deutschland Shares other than through the Offer via the stock exchange or over-the-counter or have entered into corresponding acquisition agreements and may continue to do so from the date of publication of the Bidder's decision to submit the Offer pursuant to section 10 para. 1 sentence 1 WpÜG on 7 November 2023 until the expiry of the acceptance period, provided that such acquisitions or acquisition

agreements are not made in the United States and are carried out in accordance with applicable German law, in particular German takeover law (as defined below), and the applicable provisions of the Exchange Act.

According to the Bidder, Telefónica Deutschland Shareholders with their place of residence, registered office or habitual abode outside the Federal Republic of Germany may encounter difficulties in enforcing rights and claims arising under a law other than the law of the country in which their place of residence is located. According to the Offer Document, this is due to the fact that Telefónica Deutschland has its registered office in Germany and some or all of its executives and board members may have their place of residence in a country other than the respective country of residence of the relevant Telefónica Deutschland Shareholders. According to the Bidder, it may not be possible for Telefónica Deutschland Shareholders domiciled abroad to sue Telefónica Deutschland or its executives or board members before a court in their own country of residence for violations of the laws of their own country of residence. Furthermore, according to the Bidder, it may be difficult to compel a foreign company and its affiliates to subject themselves to a judgment of a court in the country of residence of the relevant shareholder.

Pursuant to Section 1.2 of the Offer Document, the cash proceeds under the Offer may constitute a taxable transaction under applicable tax laws, including the tax laws of the Telefónica Deutschland Shareholders' own country of residence. The Bidder therefore recommends that independent professional advisors be consulted with respect to the tax consequences of accepting the Offer. According to the Offer Document, neither the Bidder nor the persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG nor their respective board members, executives, affiliates or employees assume any responsibility for tax consequences or liabilities resulting from an acceptance of the Offer. The Offer Document does not contain any information on foreign taxation.

In addition, the Bidder points out that US Shareholders should also note Section 22 of the Offer Document.

According to Section 1.5 of the Offer Document, the Offer may be accepted by all domestic and foreign Telefónica Deutschland Shareholders in accordance with the provisions set forth in the Offer Document and the applicable legal provisions. However, according to the Bidder, the acceptance of the Offer outside the Federal Republic of Germany, the member states of the European Union and the European Economic Area as well as the United States may be subject to legal restrictions. The Bidder recommends that Telefónica Deutschland Shareholders who come into possession of the Offer Document outside the Federal Republic of Germany, the member states of the

European Union and the European Economic Area or the United States, who wish to accept the Offer outside these countries or territories and/or who are subject to laws other than those of these countries or territories, inform themselves about the applicable laws and comply with them. According to the Offer Document, the Bidder and the Bidder Parent Company do not assume a liability that the acceptance of the Offer outside the Federal Republic of Germany, the member states of the European Union and the European Economic Area and the United States is permissible under the respective applicable legal provisions.

The Management Board and the Supervisory Board point out that they cannot verify whether the Telefónica Deutschland Shareholders comply with all legal obligations applicable to them personally when accepting the Offer. The Management Board and the Supervisory Board therefore recommend that anyone who receives the Offer Document outside the Federal Republic of Germany or wishes to accept the Offer but is subject to securities regulations of jurisdictions other than those of the Federal Republic of Germany inform themselves about and comply with such laws.

II. INFORMATION ABOUT THE COMPANY AND THE TELEFÓNICA DEUTSCHLAND GROUP

1. Legal basis of the Company

Telefónica Deutschland is a stock corporation incorporated under German law with its registered office in Munich, Germany, registered in the commercial register of the local court of Munich under HRB 201055. The business address of the Company is Georg-Brauchle-Ring 50, 80992 Munich, Germany. The financial year of Telefónica Deutschland corresponds to the calendar year.

The object of the Company is in accordance with section 2 para. 1 of the articles of association:

"(1) The object of the company is to engage in Germany and abroad in the areas of telecommunications and information technology, multimedia, information and entertainment, mobile payment and other payment solutions as well as the provision of distribution and brokerage services and any services connected or related with any of these areas, including the distribution of hardware and insurance solutions."

The Telefónica Deutschland Shares (ISIN DE000A1J5RX9) are admitted to trading on the Frankfurt Stock Exchange in the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). In addition, Telefónica Deutschland Shares can be traded via the electronic trading system (Exchange Electronic

Trading System, *XETRA*) of Deutsche Börse AG, Frankfurt am Main, Germany (*Deutsche Börse*). The Telefónica Deutschland Shares are also traded on the open market of the stock exchanges in Berlin, Düsseldorf, Hamburg, Munich and Stuttgart as well as on the Tradegate Exchange. Telefónica Deutschland Shares are currently included in the MDAX and the TecDAX.

2. Overview of the Telefónica Deutschland Group

Telefónica Deutschland is the parent company of the Telefónica Deutschland Group. A list of all subsidiaries of Telefónica Deutschland is attached to this Statement as **Annex 1**. Pursuant to section 2 para. 5 sentence 3 WpÜG, these are deemed to be persons acting jointly with Telefónica Deutschland and with each other.

3. Capital structure of Telefónica Deutschland

Section 8.1 of the Offer Document summarizes and accurately describes the legal basis and the share capital of Telefónica Deutschland, which amounts to EUR 2,974,554,993.00 and is divided into 2,974,554,993 non-par value registered shares.

Pursuant to section 4 para. 3 of the articles of association of Telefónica Deutschland, the Management Board is authorized to increase the share capital of the Company by up to EUR 1,487,277,496.00 by issuing up to 1,487,277,496 new non-par value registered shares against cash contributions and/or contributions in kind on one or more occasions until 19 May 2026 (inclusively) with the approval of the Supervisory Board (*Authorized Capital 2021/1*). Pursuant to section 4 para. 4 of the articles of association of Telefónica Deutschland, the share capital of the Company is conditionally increased by up to EUR 558,472,700.00 by issuing up to 558,472,700 new non-par value registered shares (*Conditional Capital 2019/1*). By resolution dated 19 May 2022, the annual general meeting also authorized the Management Board pursuant to section 71 para. 1 no. 8 AktG, with the approval of the Supervisory Board, to acquire treasury shares of the Company up to a total of 10 % of the share capital existing at the time the authorization is granted or - if this value is lower - at the time the authorization is exercised for any permissible purpose until 18 May 2027. The Management Board of Telefónica Deutschland has not made use of the Authorized Capital 2021/1, the Conditional Capital 2019/1 and the authorization to acquire treasury shares until the date of publication of this Statement. At the time of publication of this Statement, Telefónica Deutschland has not issued any bonds with conversion rights or any bonds with conversion obligations and does not hold any treasury shares.

4. Overview of the business activities of the Telefónica Deutschland Group

The Telefónica Deutschland Group is one of the three leading integrated network operators in Germany. It offers mobile and fixed network services for private and business customers as well as innovative digital products and services. It also provides its numerous wholesale partners with extensive mobile services. The Telefónica Deutschland Group has a multi-brand strategy that enables it to adapt its marketing and sales approach to the needs of the respective customer group. The Telefónica Deutschland Group's product range specifically comprises the following areas:

Mobile services

The Telefónica Deutschland Group is a leading provider in the mobile services market with a total of 44.3 million mobile lines as of 31 December 2022. It offers private and business customers mobile and fixed voice and data services both on a contract basis (postpaid) and in the prepaid segment. The basis for this is its mobile communications network. The focus is on expanding the 5G network, which has already covered more than 80 % of the German population since 2022.

Fixed-line business

In addition to mobile services, the Telefónica Deutschland Group offers fixed-line services nationwide. Its fixed-line customer base totaled around 2.3 million at the end of 2022. A strategic partnership with Telekom Deutschland GmbH gives the Telefónica Deutschland Group access to future-proof, next-generation fixed-line infrastructure and can already provide around 34 million households in Germany with high-speed internet access. Since November 2022, the Telefónica Deutschland Group has been marketing fibre-to-the-home lines to its customers in addition to Telekom Deutschland GmbH's existing VDSL and vectoring wholesale products.

Hardware business

The Telefónica Deutschland Group uses many channels to sell a wide variety of devices to its customers. Via the O₂ My Handy program, customers can buy any device in the O₂ product range immediately or pay for it in flexible monthly instalments. In some cases, the Telefónica Deutschland Group also supplies its partners with hardware and supports them in selling and marketing the hardware to their customers as required.

Digital services

The Telefónica Deutschland Group offers a wide variety of additional products and services. These include, for example, its products and services in connection with the Internet of Things (IoT) and its additional digital services such as O₂ TV and O₂ Cloud.

In the financial year 2022, the Telefónica Deutschland Group generated consolidated revenue of around EUR 8,224 million (2021: EUR 7,765 million), an operating result before depreciation and amortization (OIBDA) of around EUR 2,523 million (2021: EUR 2,653 million) and a free cash flow (OIBDA minus CapEx) of around EUR 1,314 million (2021: EUR 1,369 million). In the financial year 2022, the Telefónica Deutschland Group employed an average of 7,404 people.

5. Governing bodies of the Company

The Company has two governing bodies, namely the Management Board and the Supervisory Board. In accordance with the articles of association, the Management Board is responsible for the management and representation of the Company. The Management Board of Telefónica Deutschland currently consists of the following seven members: Markus Haas (Chief Executive Officer (CEO), chairman of the Management Board), Markus Rolle (Chief Financial Officer (CFO)), Valentina Daiber (Chief Officer Legal & Corporate Affairs), Nicole Gerhardt (Chief Organisational Development & People Officer), Andreas Laukenmann (Chief Consumer Officer (CCO)), Alfons Lösing (Chief Partner & Wholesale Officer) and Yelamate Mallikarjuna Rao (Chief Technology & Information Officer).

In accordance with section 11 para. 1 of the Company's articles of association, the Company's Supervisory Board is made up of 16 members, eight of whom are elected by the general meeting and eight of whom are elected by the employees in accordance with the provisions of the German Co-Determination Act (*Mitbestimmungsgesetz*). The current members of the Supervisory Board are:

Shareholder representative	Employee representative
Peter Löscher* (chairman)	Thomas Pfeil (deputy chairman)
Pablo de Carvajal González	Martin Butz
Maria García-Legaz Ponce	Yasmin Fahimi
Ernesto Gardelliano	Cansever Heil
Michael Hoffmann*	Christoph Heil
Julio Linares López	Joachim Rieger
Stefanie Oeschger*	Barbara Rothfuß
Jaime Smith Basterra*	Dr Jan-Erik Walter

- * Independent Supervisory Board members both within the meaning of recommendation C.7 of the "German Corporate Governance Code" in its version dated 28 April 2022 (*DCGK 2022*) and within the meaning of recommendation C.9 DCGK 2022.

6. Shareholder structure

The direct parent company of the Telefónica Deutschland Group is Telefónica Germany Holdings Limited, a limited liability company under British law with its registered office in Worthing, United Kingdom (*UK HoldCo*). UK HoldCo is a wholly-owned subsidiary of O2 (Europe) Limited, a limited liability company incorporated under the laws of the United Kingdom with its registered office in Worthing, United Kingdom. O2 (Europe) Limited is a wholly-owned subsidiary of the Bidder Parent Company. UK HoldCo is therefore an indirect subsidiary of the Bidder Parent Company, in whose consolidated financial statements Telefónica Deutschland is included and which is the ultimate group parent company. According to the voting rights notifications submitted to Telefónica Deutschland pursuant to sections 33 et seq. of the German Securities Trading Act (*Wertpapierhandelsgesetz - WpHG*) by 11 December 2023 and published on the Company's website at <https://www.telefonica.de/> under "Investor Relations", there under "Publications" and there in the "News" section under the button "Voting Rights", as well as according to own data surveys, the following shareholders directly or indirectly hold 3.00 % or more of the voting rights from shares in Telefónica Deutschland:

Shareholder	Share of voting rights (in %)*
Telefónica Germany Holdings Limited (UK HoldCo)	69.22
Bidder Parent Company	10.94
Total	80.16

- * Based on the voting rights from shares reported to the Company in accordance with sections 33 and 34 WpHG up to 11 December 2023, calculated on the basis of the Company's current share capital.

III. INFORMATION ABOUT THE BIDDER

Unless otherwise stated, the Bidder has published the following information in the Offer Document. The Management Board and the Supervisory Board have not been able to verify this information in full or at all. The Management Board and the Supervisory Board therefore assume no liability for the accuracy of the information.

1. Legal basis, capital structure and corporate structure of the Bidder

The Offer Document contains the following information on the Bidder's foundations under Section 6:

The Bidder, Telefónica Local Services GmbH, is a limited liability company under German law with its registered office in Ismaning, Germany, and is registered in the commercial register of the local court of Munich under HRB 287256. The business address of the Bidder is Adalperostrasse 82-86, 85737 Ismaning, Germany. The share capital of the Company amounts to EUR 25,000.00 and is divided into 25,000 shares with a nominal value of EUR 1.00 each. The sole shareholder of the Bidder is the Bidder Parent Company.

The corporate purpose of the Bidder includes, inter alia, the acquisition, holding and management of participations in other companies and enterprises in its own name, for its own account and not as a service for third parties. The Bidder's financial year is the calendar year.

The Bidder has one managing director: Raúl Molina Torres. The managing director has sole power of representation. The Bidder currently has no employees.

2. Overview of the Bidder Parent Company and the Bidder Parent Group

According to the Offer Document, the Bidder Parent Company is a Spanish multinational telecommunications company headquartered in Madrid, Spain. It is one of the largest telephone and mobile network operators in the world. It offers fixed and mobile telephony, broadband and subscription television and is active in Europe and North and South America. "*Telefónica*" is the umbrella brand of the Bidder Parent Company and its affiliated companies within the meaning of sections 15 et seq. AktG (together the ***Bidder Parent Group***), which conducts its corporate and institutional communications worldwide. At the local level, the Bidder Parent Group uses the trademarks "*Telefónica*", "*Movistar*" and "*O₂*" in Spain, "*Movistar*" in Latin America, "*O₂*" in Europe and "*Vivo*" in Brazil.

In the 2022 financial year, the Bidder Parent Group generated consolidated revenue of approximately EUR 39,993 million (2021: EUR 39,277 million) and an operating result of approximately EUR 4,056 million (previous year: EUR 13,586 million).

In 2022, the Bidder Parent Group employed an average of 102,563 people.

The Bidder Parent Company has no controlling shareholder to whom voting rights in Telefónica Deutschland held by or attributable to the Bidder Parent Company would be attributable pursuant to section 30 WpÜG.

3. Persons acting jointly with the Bidder

Pursuant to Section 6.4 of the Offer Document, the Bidder Parent Company is a person acting jointly with the Bidder within the meaning of section 2 para. 5 sentence 1 and sentence 3 WpÜG and the companies listed in **Annex 2** are persons acting jointly with the Bidder within the meaning of section 2 para. 5 sentence 3 WpÜG. Persons acting jointly with the Bidder are also Telefónica Deutschland and its subsidiaries listed separately in **Annex 1**. There are no other persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG.

4. Telefónica Deutschland Shares currently held by the Bidder or by persons acting jointly with the Bidder and their subsidiaries, attribution of voting rights

According to Section 6.5 of the Offer Document, no Telefónica Deutschland Shares have been directly held by the Bidder at the time of publication of the Offer Document.

UK HoldCo, which is a sister company of the Bidder and a person acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG, holds, according to the voting rights notifications received by Telefónica Deutschland by 11 December 2023 pursuant to sections 33 et seq. WpHG, directly 2,059,117,075 shares in Telefónica Deutschland (corresponding to approximately 69.22 % of the share capital and voting rights in Telefónica Deutschland). The Bidder Parent Company directly holds approximately 10.94 % of the share capital and voting rights in Telefónica Deutschland. The voting rights from the Telefónica Deutschland Shares held by UK HoldCo are attributed to the Bidder Parent Company pursuant to section 30 para. 1 sentence 1 no. 1, sentence 2 and sentence 3 WpÜG. Therefore, as of 11 December 2023, approximately 80.16 % of the share capital and voting rights in Telefónica Deutschland are held by persons acting jointly with the Bidder (*Telefónica Deutschland Shares Held*).

To the knowledge of the Management Board and the Supervisory Board, neither the Bidder nor any other persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG hold any further Telefónica Deutschland Shares or voting

rights attached to the Telefónica Deutschland Shares and no voting rights attached to the Telefónica Deutschland Shares are attributable to them pursuant to section 30 WpÜG other than the Telefónica Deutschland Shares Held at the time of the publication of the Statement.

5. Information on previous acquisitions of Telefónica Deutschland Shares

According to the statements in Section 7 of the Offer Document, the Bidder Parent Company has acquired 284,488,496 Telefónica Deutschland Shares (corresponding to approximately 9.56 % of the share capital and voting rights in Telefónica Deutschland) in the last six months prior to the announcement of the Bidder's decision to submit the Offer pursuant to section 10 para. 1 sentence 1 WpÜG on 7 November 2023 and until the publication of the Offer Document, i.e., until 5 December 2023. For details on these acquisitions by the Bidder Parent Company, please refer to the statements in Section 7 and the corresponding Annex 3 of the Offer Document.

6. Instruments, agreements relating to the acquisition of shares

According to the statements in Section 7.1.2 of the Offer Document, the Bidder Parent Company directly holds a financial instrument that grants it the right to acquire 39,213,404 Telefónica Deutschland Shares (corresponding to approximately 1.32 % of the share capital and voting rights of Telefónica Deutschland).

With the exception of the transactions mentioned in Section 7.1.1 of the Offer Document and Section 5 of this Statement above and the aforementioned instrument, to the knowledge of the Company, neither the Bidder nor persons acting jointly with the Bidder within the meaning of section 2 para. 5 WpÜG have, in the last six months prior to the announcement of the Bidder's decision to submit the Offer pursuant to section 10 para. 1 sentence 1 WpÜG on 7 November 2023 and until the publication of the Offer Document, i.e., until 5 December 2023, (i) acquired instruments that directly or indirectly convey voting rights in relation to Telefónica Deutschland to be notified pursuant to section 38 or section 39 WpHG, or (ii) entered into an agreement on the basis of which the transfer of Telefónica Deutschland Shares could be demanded.

7. Possible future acquisition of Telefónica Deutschland Shares

With regard to the possible future acquisition of Telefónica Deutschland Shares, the Offer Document contains the following statements under Section 7.2: The Bidder and/or persons acting jointly with it within the meaning of section 2 para. 5 WpÜG reserve the right, to the extent permitted by law, to acquire Telefónica Deutschland

Shares directly or indirectly by means other than in the context of the Offer on or off the stock exchange or to make corresponding preparations for such acquisitions until the expiry of the Acceptance Period, provided that such acquisitions or preparations for such acquisitions are made outside the United States and in accordance with the applicable provisions of German law and the applicable provisions of the Exchange Act.

Information on such acquisitions or agreements on acquisitions will be published in accordance with the statutory provisions and in a non-binding English translation on the Bidder's website at <https://www.td-offer.com>.

IV. INFORMATION ABOUT THE OFFER

1. Decisiveness of the Offer Document

Some selected information from the Bidder's Offer is presented below. For further information and details (in particular with regard to the Offer conditions, the acceptance periods, the acceptance modalities and the rights of withdrawal), please refer to the statements in the Offer Document. The following information merely summarizes information contained in the Offer Document. The Management Board and the Supervisory Board point out that the description of the Offer in the Statement does not purport to be complete and that only the provisions of the Offer Document are authoritative for the content and settlement of the Offer. It is the responsibility of each Telefónica Deutschland Shareholder to take note of the Offer Document and to take the measures that make sense for him.

The Offer Document was published on 5 December 2023 by (i) announcement on the internet at <https://www.td-offer.com> and (ii) making copies of the Offer Document available for distribution free of charge at BNP Paribas S.A., Branch Office Germany, Senckenberganlage 19, 60325 Frankfurt am Main, Germany (order by fax to +49 (0) 69 1520 5277 or email to frankfurt.gct.operations@bnpparibas.com) (**BNP Paribas**). The announcement regarding (i) the internet address at which the Offer Document was published and (ii) the availability of the Offer Document at BNP Paribas were published in the German Federal Gazette on 5 December 2023 and will be published in The Wall Street Journal in the United States from 5 December 2023, as shown in the Offer Document. In addition, a non-binding English translation of this Offer Document, which has not been reviewed by the German Federal Financial Supervisory Authority (**Bundesanstalt für Finanzdienstleistungsaufsicht - BaFin**), has been posted at <https://www.td-offer.com>. Further details on the publication and distribution of the Offer Document can be found in Sections 1.1 and 1.4 of the Offer Document.

2. Implementation of the Offer

The Offer is being made by the Bidder in the form of a voluntary public acquisition offer in the form of a partial offer (cash offer) to acquire up to 550,882,742 Telefónica Deutschland Shares in accordance with the provisions of the WpÜG and the Ordinance on the Content of the Offer Document, the Consideration in Takeover Offers and Mandatory Offers and the Exemption from the Obligation to Publish and Make an Offer (*Verordnung über den Inhalt der Angebotsunterlage, die Gegenleistung bei Übernahmeangeboten und Pflichtangeboten und die Befreiung von der Verpflichtung zur Veröffentlichung und zur Abgabe eines Angebots - WpÜG Offer Ordinance* and, together with the WpÜG, the *German Takeover Law*) and the applicable provisions of the securities laws of the United States.

3. Subject of the Offer and Offer Price

Subject to the terms and conditions in the Offer Document, the Bidder offers all Telefónica Deutschland Shareholders to acquire their non-par value registered shares of Telefónica Deutschland (ISIN DE000A1J5RX9), which are not directly held by the Bidder, each with a pro rata amount of the share capital of the Company of EUR 1.00, including all ancillary rights existing at the time of settlement of the Offer, in particular the right to receive dividends, against a cash payment in the amount of

EUR 2.35 in cash per Telefónica Deutschland Share

(*Offer Price* or *Offer Consideration*).

4. Acceptance Period

The period for accepting the Offer, pursuant to Section 5.1 of the Offer Document (including any extensions pursuant to Section 5.2 - see in more detail below - the *Acceptance Period*), began with the publication of the Offer Document on 5 December 2023 and ends on 17 January 2024, 24:00 hours. The Bidder may amend the Offer pursuant to section 21 para. 1 WpÜG up to one working day prior to the expiry of the Acceptance Period. Under the circumstances set out below, the period for accepting the Offer will be automatically extended as follows in accordance with Section 5.2 of the Offer Document:

- In the event of an amendment to the Offer pursuant to section 21 para. 1 WpÜG, the Acceptance Period will be automatically extended by two weeks, provided that the amendment is published within the last two weeks prior to the expiry of the Acceptance Period (section 21 para. 5 WpÜG). The Acceptance Period

would then end on 31 January 2024, 24:00 hours. This also applies if the amended Offer violates legal provisions.

- If a competing offer to acquire Telefónica Deutschland Shares is submitted by a third party during the Acceptance Period (*Competing Offer*) and the Acceptance Period for the Offer expires before the expiry of the acceptance period for the Competing Offer, the expiry of the Acceptance Period for the Offer is automatically determined in accordance with the expiry of the acceptance period for the Competing Offer (section 22 para. 2 sentence 1 WpÜG). This also applies if the Competing Offer is amended or prohibited or violates legal provisions.
- If a general meeting of Telefónica Deutschland is convened in connection with the Offer after publication of the Offer Document, the Acceptance Period pursuant to section 16 para. 3 WpÜG will be ten weeks from the publication of the Offer Document. The Acceptance Period would then end on 13 February 2024, 24:00 hours.

With regard to the right of withdrawal in the event of an amendment to the Offer or in the event of a Competing Offer, please refer to the statements in Section 18.1 of the Offer Document.

The additional acceptance period pursuant to section 16 para. 2 WpÜG will not apply, as the Offer is not a takeover offer within the meaning of section 29 para. 1 WpÜG.

5. Offer Condition

According to Section 13 of the Offer Document, the Offer and the agreements with the Telefónica Deutschland Shareholders resulting from its acceptance will only be completed if no material deterioration of the market environment (*Offer Condition*), as defined in Section 13.1 of the Offer Document, has occurred at the end of the Acceptance Period (condition subsequent - *auflösende Bedingung*) or the Bidder has effectively waived this Offer Condition in advance.

As set out in Section 13.2 of the Offer Document, the Bidder reserves the right to waive the Offer Condition in advance until the penultimate Exchange Trading Day of the Acceptance Period pursuant to section 21 para. 1 WpÜG (cf. section 21 para. 1 no. 4 WpÜG), provided that the Offer Condition has not previously definitively lapsed or occurred. The effective waiver is equivalent to the fulfilment of the Offer Condition. In the event of a waiver of the Offer Condition, the Acceptance Period is automatically extended by two weeks, provided that the waiver is published within the last two weeks prior to the expiry of the Acceptance Period (section 21 para. 5 WpÜG).

According to Section 13.3 of the Offer Document, the Offer will lapse and the agreements concluded by accepting the Offer will become ineffective and will not be completed if the Offer Condition has not been fulfilled and the Bidder has not previously effectively waived the Offer Condition; Telefónica Deutschland Shares Tendered (as defined below in Section 7 of this Statement) will be booked back (for unwinding (*Rückabwicklung*) see Section 13.3 of the Offer Document).

In accordance with the statements in the Offer Document, the Bidder will immediately announce on the internet at <https://www.td-offer.com> (in German and in a non-binding English translation) and in the Federal Gazette if (i) the Bidder has previously effectively waived the Offer Condition or (ii) the Offer is not completed because the Offer Condition has definitively not been fulfilled or has definitively lapsed. The Bidder will also announce without undue delay after the expiry of the Acceptance Period in the context of the publication pursuant to section 23 para. 1 sentence 1 no. 2 WpÜG whether the Offer Condition has been fulfilled by that time. This information will also be made publicly available in the United States (see Section 21 of the Offer Document for further information).

6. Authorization of the publication of the Offer Document by BaFin

According to Section 12 of the Offer Document, BaFin authorized the publication of the Offer Document on 5 December 2023 and the completion of the Offer does not require any further official approval.

7. Acceptance and settlement of the Offer

Section 17 of the Offer Document describes the acceptance and settlement of the Offer, including the legal consequences of acceptance (Section 17.4 of the Offer Document).

Pursuant to Section 17.1 of the Offer Document, the Bidder has appointed BNP Paribas as central settlement agent for the settlement of the Offer (*Central Settlement Agent*).

According to Section 17.2 of the Offer Document, Telefónica Deutschland Shareholders can only accept the Offer by (i) declaring acceptance of the Offer within the Acceptance Period in text form or electronically to their respective custodian bank (*Custodian Bank*) (*Declaration of Acceptance*) and (ii) instructing their Custodian Bank to authorize the transfer of the Telefónica Deutschland Shares held in their securities account for which they wish to accept the Offer (*Telefónica Deutschland Shares Tendered*) to ISIN DE000A3MQD87 at Clearstream Banking AG (*Clearstream*) without undue delay.

According to the Bidder, the Declaration of Acceptance will only become effective if the Telefónica Deutschland Shares Tendered have been transferred to ISIN DE000A3MQD87 at Clearstream by no later than 18:00 hours on the second Banking Day following the expiry of the Acceptance Period. According to the Bidder, the respective Custodian Bank must initiate these transfers without undue delay upon receipt of the Declaration of Acceptance.

With regard to the legal consequence of acceptance, the Bidder explains in Section 17.4 of the Offer Document in particular that upon acceptance of the Offer, an agreement on the sale and transfer of the Telefónica Deutschland Shares Tendered is concluded between the accepting Telefónica Deutschland Shareholder and the Bidder in accordance with the terms and conditions of the Offer Document. According to the Bidder, the transfer of ownership of the Telefónica Deutschland Shares Tendered will take place upon settlement of the Offer, subject to the terms and conditions of the Offer Document. All ancillary rights of the Telefónica Deutschland Shares Tendered existing at the time of settlement (in particular including all dividend rights) will be transferred to the Bidder upon the transfer of ownership of the Telefónica Deutschland Shares Tendered. With regard to the details and the instructions, authorizations, powers of attorney and orders issued by the accepting Telefónica Deutschland Shareholders, please refer to Sections 17.3a) and 17.3b) of the Offer Document and, with regard to the declarations by the accepting Telefónica Deutschland Shareholders, to Section 17.3c) of the Offer Document.

With regard to the settlement of the Offer, the Bidder states in Section 17.6 of the Offer Document that the payment of the Offer Price owed by the Bidder to the respective Telefónica Deutschland Shareholder will be made via Clearstream to the accounts of the Custodian Bank of the accepting Telefónica Deutschland Shareholders concurrently with the transfer of the Telefónica Deutschland Shares Tendered to the securities account of the Central Settlement Agent at Clearstream for the purpose of transferring these shares to the Bidder.

According to the Bidder, the Central Settlement Agent will initiate the transfer of the Offer Price for the Telefónica Deutschland Shares Tendered without undue delay, provided that no Oversubscription has occurred, but no later than on the eighth Banking Day after the expiry of the Acceptance Period, provided that the Offer Condition has been fulfilled or - to the extent permissible - has been effectively waived pursuant to Section 13.2 of the Offer Document.

According to Section 13.3 of the Offer Document, the agreements concluded by accepting the Offer will become ineffective and the Offer will be terminated and not settled if the Offer Condition set out in Section 13.1 of the Offer Document has not

been fulfilled upon expiry of the Acceptance Period or has not been effectively waived by the Bidder pursuant to Section 13.2 of the Offer Document. Telefónica Deutschland Shares Tendered will, if necessary, be transferred back without undue delay to the respective Custodian Bank and booked back by the latter. Accordingly, the Custodian Banks must arrange for the Telefónica Deutschland Shares Tendered to be transferred to ISIN DE000A1J5RX9 without undue delay, but no later than five Banking Days after the Bidder has announced the lapse of the Offer.

According to Section 17.6 of the Offer Document, the Bidder will have fulfilled its obligation to pay the Offer Price to the respective Telefónica Deutschland Shareholder upon payment of the respective Offer Price owed to the respective Custodian Bank. According to the Bidder, it is the responsibility of the respective Custodian Bank to credit the respective Offer Price owed to the account of the Telefónica Deutschland Shareholder accepting the Offer without undue delay.

Furthermore, the Bidder points out in Section 17.2 of the Offer Document that Telefónica Deutschland Shareholders who wish to accept the Offer should contact their Custodian Bank with any questions regarding the acceptance of the Offer and its technical settlement. According to the Bidder, the Custodian Bank has been informed separately about the modalities of the acceptance and the settlement of the Offer and is obliged to inform customers who hold Telefónica Deutschland Shares in their securities account about the Offer and the steps required for its acceptance.

Please refer to Section 17 of the Offer Document for further details on the acceptance and settlement of the Offer.

If and to the extent that Declarations of Acceptance are submitted by Telefónica Deutschland Shareholders for more than the 550,882,742 Telefónica Deutschland Shares that are the subject of this Offer (***Oversubscription***), the Declarations of Acceptance will be considered proportionately within the meaning of section 19 WpÜG (see Section 17.5 of the Offer Document). This means that the Declarations of Acceptance will be considered in proportion to the total number of Telefónica Deutschland Shares Tendered. If fractions result from this pro rata consideration, they will be rounded down to the nearest whole number. In the event of an Oversubscription at the end of the Acceptance Period, the Offer will not be completed with respect to those Telefónica Deutschland Shares Tendered that are not taken into account after the pro rata allocation and therefore represent an excess of Telefónica Deutschland Shares (***Excess Telefónica Deutschland Shares***). The Bidder is not obliged to acquire the Excess Telefónica Deutschland Shares. The agreements made in relation to the Excess Telefónica Deutschland Shares by the acceptance of this Offer will become ineffective and the ownership of the Excess Telefónica Deutschland Shares will not be transferred

to the Bidder. Clearstream will instead arrange for the transfer of the Excess Telefónica Deutschland Shares to the original ISIN DE000A1J5RX9. The transfer will be effected without undue delay after completion of the pro rata allocation.

V. FINANCING OF THE OFFER

Pursuant to section 13 para. 1 sentence 1 WpÜG, the Bidder must take the necessary measures prior to the publication of the Offer Document to ensure that it has the funds necessary for the complete fulfilment of the Offer at the time the claim to the consideration becomes due.

1. Maximum Consideration

According to Section 14.1 of the Offer Document, the Bidder intends to acquire a maximum of 550,882,742 Telefónica Deutschland Shares under this Offer. If the Offer is accepted for the maximum number of Telefónica Deutschland Shares, i.e. for 550,882,742 Telefónica Deutschland Shares, the Bidder will, according to the calculations in the Offer Document, have a maximum payment obligation to the Telefónica Deutschland Shareholders who accept the Offer totaling EUR 1,295 billion (*Maximum Consideration*).

In addition, according to the information in Section 14.1 of the Offer Document, the Bidder assumes that it will incur transaction costs in connection with the preparation and implementation of the Offer in an estimated amount of up to EUR 20 million (*Offer Costs*).

The maximum total amount that the Bidder would require for the acquisition of up to 550,882,742 Telefónica Deutschland Shares under this Offer, including the Offer Costs, thus amounts to EUR 1,315 billion (*Total Offer Costs*).

2. Financing measures

According to Section 14.2 of the Offer Document, the Bidder has taken the necessary measures prior to the publication of the Offer Document to ensure that it will have the financial resources necessary for the complete fulfilment of the Offer in a timely manner.

According to Section 14.2 of the Offer Document, the acquisition of the Telefónica Deutschland Shares under the Offer and the Offer Costs are to be financed entirely from the existing cash and cash equivalents of the Bidder Parent Company. On 21 November 2023, according to Section 14.2 of the Offer Document, the Bidder Parent Company has contractually committed to directly or indirectly provide the Bidder with

an amount of up to EUR 1,315 billion in the form of an equity contribution and/or a shareholder loan (*Capital Commitment*) to enable the Bidder to fulfil its payment obligations under the Offer.

According to the statements in Section 14.2 of the Offer Document, the Bidder Parent Company has sufficient cash and cash equivalents at the time of publication of the Offer Document and does not require any additional measures to finance the Offer. The consolidated cash and cash equivalents of the Bidder Parent Company available at that time, together with the other cash and cash equivalents in the Bidder's balance sheet, also exceed the funds required to fully cover the total Offer Costs. The consolidated cash and cash equivalents of the Bidder Parent Company amounted to EUR 7,290 billion (EUR 18,974 billion incl. EUR 11,684 billion unutilized credit lines) according to the consolidated balance sheet of the Bidder Parent Company as of 30 June 2023.

According to Section 14.3 of the Offer Document, Bank of America Europe Designated Activity Company, Frankfurt am Main branch, Federal Republic of Germany, registered in the Commercial Register of the Local Court of Frankfurt am Main under HRB 104800, a securities service provider independent of the Bidder, has submitted a financing confirmation within the meaning of section 13 para. 1 sentence 2 WpÜG attached to the Offer Document as Annex 5.

3. Evaluation of the financing by the Management Board and the Supervisory Board

The Management Board and the Supervisory Board have no reason to doubt the accuracy and completeness of the presentation of the Capital Commitment in the Offer Document. Based on the Capital Commitment set out in Section 14.2 of the Offer Document, which according to the Bidder is sufficient for the payment of the Total Offer Costs, the Management Board and the Supervisory Board are of the opinion that, assuming this information is correct, it can be assumed that it is sufficiently ensured that the Bidder will have the funds necessary for the complete fulfilment of the Offer at the time the claim to the consideration becomes due.

VI. TYPE AND AMOUNT OF CONSIDERATION

1. No legal requirements regarding the type and amount of consideration

In contrast to takeover and mandatory offers, there are no statutory requirements regarding the type or amount of consideration in the case of a public acquisition offer, such as the present Offer. The provisions of section 31 WpÜG do not apply to the

Offer. In the present procedure, the Bidder is therefore not legally obliged to offer a consideration in compliance with the statutory requirements of the WpÜG regarding the minimum amount of the consideration but is free to determine the type and amount of the consideration it offers.

2. Type and amount of consideration

The Offer provides for a cash consideration of EUR 2.35 in cash per Telefónica Deutschland Share. Details are set out in Section 4 of the Offer Document.

3. Evaluation of the fairness of the consideration

The Management Board and the Supervisory Board have carefully and thoroughly examined the fairness of the Offer Consideration offered by the Bidder for the Telefónica Deutschland Shares from a financial point of view. On the one hand, they have taken into account the valuation of the Telefónica Deutschland Shares by the capital market based on historical stock exchange prices in certain reference periods as well as the estimates of financial analysts. The Management Board and the Supervisory Board also analyzed the intrinsic value of the Telefónica Deutschland Shares against the Company's current strategy and financial planning as well as certain other assumptions, information and considerations (including the current geopolitical and macroeconomic situation). In addition, the Management Board mandated Citigroup Global Markets Europe AG (*Citi*) and the Supervisory Board mandated Goldman Sachs Europe Bank SE (and together with its affiliated companies, *Goldman Sachs*) each as financial advisor, inter alia, to prepare a fairness opinion (see Sections 3.3 and 3.4 of this Statement). The Management Board and the Supervisory Board separately discussed the information and assumptions underlying these fairness opinions, the methods applied and the results of the fairness opinions in detail and subjected them to an independent critical assessment.

The Management Board and the Supervisory Board expressly point out that their evaluation of the fairness of the Offer Consideration was carried out independently of each other.

3.1 Comparison with historical stock market prices

For the purpose of the valuation based on the stock exchange price of the fairness of the Offer Consideration from a financial point of view, the Management Board and the Supervisory Board have taken into account, among other things, the development of the stock exchange prices of the Telefónica Deutschland Shares.

The Telefónica Deutschland Shares (ISIN DE000A1J5RX9) are admitted to trading on the Frankfurt Stock Exchange in the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and are traded in the electronic trading system XETRA. In addition, Telefónica Deutschland Shares are traded on the Stuttgart, Düsseldorf, Berlin, Munich and Hamburg stock exchanges and via Tradegate, among others. Telefónica Deutschland Shares are included in the open market there. The Management Board and the Supervisory Board are of the opinion that there was functioning stock exchange trading with sufficient trading activity for Telefónica Deutschland Shares in the periods relevant for the analysis.

Based on the stock exchange price of the Telefónica Deutschland Shares (source in each case Bloomberg) prior to the publication of the Bidder's decision to launch this Offer on 7 November 2023, the Offer Price of EUR 2.35 includes the following premiums:

- The stock exchange price (XETRA closing price) on 6 November 2023, the last Exchange Trading Day prior to the publication of the decision to launch the Offer on 7 November 2023, was EUR 1.71 per Telefónica Deutschland Share. Based on this stock exchange price, the Offer Price includes a premium of EUR 0.64 or 37.6 %.
- The volume-weighted average stock exchange price (XETRA) of the last three months up to and including 6 November 2023, the last Exchange Trading Day prior to the publication of the Bidder's decision to launch the Offer, amounted to approximately EUR 1.72 per Telefónica Deutschland Share. Based on this average price, the Offer Price includes a premium of EUR 0.63 or approximately 36.3 %.
- The volume-weighted average stock exchange price (XETRA) of the last six months up to and including 6 November 2023, the last Exchange Trading Day prior to the publication of the Bidder's decision to launch the Offer, amounted to approximately EUR 2.03 per Telefónica Deutschland Share. Based on this average price, the Offer Price includes a premium of EUR 0.32 or approximately 15.6 %.

The Management Board and the Supervisory Board have each independently come to the conclusion that the Offer Price appears fair in comparison to these historical stock exchange prices of the Telefónica Deutschland Shares.

3.2 Analyst opinions

In evaluating the fairness of the Offer Consideration, the Management Board and the Supervisory Board have also taken into account the recommendations and price targets for the Telefónica Deutschland Share published by selected analysts in the period from

3 August 2023 prior to the publication of the Bidder's decision to launch the Offer on 7 November 2023, as set out below:

Analyst	Publication date	Course target per TDH-Share in EUR	Recommendation
Warburg Research	06.11.2023	2.05	Purchase
Deutsche Bank	31.10.2023	1.60	Hold
AlphaValue / Baader Europe	26.10.2023	2.57	Purchase
Berenberg	25.10.2023	1.80	Hold
Bank of America	23.10.2023	2.30	Hold
J.P. Morgan	23.10.2023	1.90	Neutral
Citi	18.10.2023	2.00	Purchase
Barclays	18.10.2023	2.30	Equalweight
Goldman Sachs	11.10.2023	1.40	Sell
Redburn Atlantic	02.10.2023	1.36	Sell
UBS	14.09.2023	1.85	Neutral
Arete Research	05.09.2023	1.13	Sell
Oddo BHF	31.08.2023	1.40	Underperform
New Street	17.08.2023	1.40	Reduce
Société Générale	16.08.2023	1.70	Hold
DZ Bank	09.08.2023	1.80	Hold
BNP Paribas Exane	03.08.2023	1.20	Underperform
HSBC	03.08.2023	1.70	Reduce
Kepler Cheuvreux	03.08.2023	1.70	Reduce
Morgan Stanley	03.08.2023	2.30	Equalweight
Median		1.75	
Average		1.77	

Sources: Report of the respective analyst and Bloomberg and FactSet, Telefónica Deutschland, 6 November 2023.

* Nextgen Research has been excluded from the stated price targets as its latest report, published on 3 August 2023, does not contain any revision of the forecasts or price target for the Telefónica Deutschland Share following the 1&1 announcement (see Section 11.2.1 of the Offer Document for more details on this announcement), although Nextgen Research lowered the rating to "Neutral" and explicitly mentions an impact mid-2025.

The analysts' expectations for the Telefónica Deutschland Share published until 6 November 2023 result in a price target (average) of approximately EUR 1.77 and a median of EUR 1.75. On this basis, the Offer Consideration includes a premium of approximately 32.77 % on the expected average price and approximately 34.29 % on the median.

The expectations of analysts are their personal assessment. Their views on the value of a share naturally differ. Nevertheless, the Management Board and the Supervisory Board are of the opinion that in any case the average price and the median can each represent a relevant indicator for the capital market's assessment of the value of the Telefónica Deutschland Shares.

3.3 Fairness Opinion of Citigroup Global Markets Europe AG

Citi was mandated by Telefónica Deutschland as financial advisor to the Management Board in connection with the Offer. The Management Board has instructed Citi, among other things, to provide the Management Board with a written opinion on the fairness of the Offer Consideration from a financial point of view for the purposes of this Statement. In several meetings, Citi presented and explained in detail to the Management Board the analyses performed and the conclusions drawn on the basis thereof, and submitted its original opinion letter (*Citi Fairness Opinion*) on 13 December 2023.

Citi concludes that, based on the assumptions and limitations contained in the Citi Fairness Opinion, the Offer Price of EUR 2.35 per Telefónica Deutschland Share is fair, from a financial point of view, to the Telefónica Deutschland Shareholders (excluding the Bidder Parent Company and UK HoldCo) on the date of issuance of the Citi Fairness Opinion. The full text of the Citi Fairness Opinion is attached to this Statement as **Annex 3**. The Management Board notes that the Citi Fairness Opinion should be read in full to understand its content, the underlying analyses and the conclusions set out therein.

In the course of preparing the Citi Fairness Opinion, Citi has performed a number of financial analyses using recognized valuation methods, as they are used in comparable situations and appear appropriate, in order to provide the Management Board with a basis for its own assessment of the fairness of the Offer Consideration from a financial point of view. Citi's approach is described in the Citi Fairness Opinion.

Citi's analyses are based on, inter alia, a review of the Offer Document and the final draft of the Reasoned Statement. Citi held discussions with members of the Management Board and certain employees of Telefónica Deutschland concerning the business, operations and prospects of Telefónica Deutschland. In addition, Citi examined certain publicly available business and financial information relating to Telefónica Deutschland as well as certain financial forecasts and other information and data relating to Telefónica Deutschland, which were provided to or discussed with Citi by the management of Telefónica Deutschland, including, without limitation, the business plan for Telefónica Deutschland for the financial years 2024 – 2026 and certain extrapolations therefrom for the financial years 2027 – 2028 as well as certain assumptions related to the carried forward tax losses of Telefónica Deutschland, which the management of Telefónica Deutschland approved for Citi's use for the purposes of the Citi Fairness Opinion. Citi has been advised by the management of Telefónica Deutschland that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Telefónica Deutschland as to the future financial performance of Telefónica Deutschland. For the purposes of the Citi Fairness Opinion, various methods and analyses were performed and other factors considered as deemed appropriate by Citi. In the opinion of the Management Board, the methods used in the Citi Fairness Opinion are internationally customary and recognized methods, the use of which is also appropriate in the circumstances in the view of the Management Board.

The Citi Fairness Opinion contains, among other things, language on certain underlying assumptions, information, procedures performed, aspects considered and limitations of the examinations conducted by Citi. The Citi Fairness Opinion does not constitute a valuation report as typically prepared by auditors pursuant to the requirements of German corporate law (e.g. a company valuation in accordance with the Principles for the Performance of Business Valuations (IDW S1) published by the German Institute of Auditors (*IDW*)). A fairness opinion to assess fairness from a financial point of view, such as the one issued by Citi, differs in a number of material aspects from a company valuation performed by an auditor and from accounting valuations in general. The Management Board points out that it has also not carried out its own company valuation of Telefónica Deutschland on the basis of the IDW S1 principles. The principles for the preparation of fairness opinions issued by the IDW (IDW S 8) were also not applied in connection with the preparation of the Citi Fairness Opinion.

The Citi Fairness Opinion relates solely to the financial fairness of the Offer Price per Telefónica Deutschland Share as of the date of the issuance of the fairness opinion. It does not relate to any other aspects of the Offer and does not make any recommendation as to whether or not a Telefónica Deutschland Shareholder should tender its

Telefónica Deutschland Shares into the Offer or how a Telefónica Deutschland Shareholder should act on any matters with respect to the Offer.

The Management Board expressly points out that Citi has issued the Citi Fairness Opinion solely to inform and assist the Management Board in connection with the Management Board's evaluation of the fairness of the Offer Consideration from a financial point of view. The Citi Fairness Opinion is not addressed to third parties and does not create any rights for third parties. Neither the fact that the Citi Fairness Opinion was issued to the Management Board of the Company nor the consent of Citi to attach the Citi Fairness Opinion to the Reasoned Statement as an annex entitles third parties (including the Telefónica Deutschland Shareholders) to rely on the Citi Fairness Opinion or to derive any rights from it. Citi is not liable to third parties for the Citi Fairness Opinion.

As more fully described in the Citi Fairness Opinion, Citi will receive a fee from Telefónica Deutschland for its services as financial advisor in connection with the Offer in line with market standards.

Citi and its affiliates currently provide and have in the past provided services to the Bidder Parent Company and certain of its affiliates, including Telefónica Deutschland, that are not related to the Offer and Citi and its affiliates have received or expect to receive a fee or other compensation for such services.

Based on its own experience, the Management Board has convinced itself of the plausibility and adequacy of the procedures, methods and analyses applied by Citi.

3.4 Fairness Opinion of Goldman Sachs Bank Europe SE

The Supervisory Board has commissioned Goldman Sachs as financial advisor to, inter alia, prepare an opinion for the assessment of the fairness of the Offer Consideration for the Telefónica Deutschland Shareholders (excluding the Bidder, Bidder Parent Company and their affiliated entities) from a financial point of view.

In this opinion Goldman Sachs concluded that, subject to the assumptions and limitations contained therein, on which the fairness opinion is based at the time it was prepared that as of 12 December 2023 the Offer Consideration of EUR 2.35 per Telefónica Deutschland Share was fair, from a financial point of view, to the Telefónica Deutschland Shareholders (excluding the Bidder, the Bidder Parent Company and their affiliated entities) (*Goldman Sachs Fairness Opinion*). The Goldman Sachs Fairness Opinion dated 12 December 2023 is attached to this Statement as **Annex 4**.

The Supervisory Board and the Acquisition Offer Committee have intensively reviewed the Goldman Sachs Fairness Opinion, discussed its results in detail with

representatives of Goldman Sachs in multiple meetings and subjected it to an independent critical assessment.

The Supervisory Board points out that the Goldman Sachs Fairness Opinion is intended solely for the information and assistance of the Supervisory Board in connection with its consideration of the Offer and that the Goldman Sachs Fairness Opinion does not constitute a recommendation as to whether any Telefónica Deutschland Shareholder should tender his shares in connection with the Offer or any other matter, and that other persons should not rely on it. The Goldman Sachs Fairness Opinion is neither addressed to third parties (including Telefónica Deutschland Shareholders) nor is it intended to protect third parties. No contractual or other legal relationship is established between Goldman Sachs and third parties who read the Goldman Sachs Fairness Opinion. Neither the Goldman Sachs Fairness Opinion nor the mandate agreement between Goldman Sachs and the Supervisory Board of the Company, on which it is based, contain protection for third parties (including Telefónica Deutschland Shareholders) or lead to an inclusion of third parties (including Telefónica Deutschland Shareholders) into their respective scope of protection, and Goldman Sachs assumes no liability towards third parties with regard to the Goldman Sachs Fairness Opinion.

In particular, the Goldman Sachs Fairness Opinion is not a recommendation to the Telefónica Deutschland Shareholders to accept or not to accept the Offer or to tender or not to tender their Telefónica Deutschland Shares. The consent of Goldman Sachs to attach the Goldman Sachs Fairness Opinion to this Statement does not constitute an extension or addition to the group of persons to whom the Goldman Sachs Fairness Opinion is addressed or who may rely on the Goldman Sachs Fairness Opinion, nor does it result in the inclusion of third parties in the scope of protection of the Goldman Sachs Fairness Opinion or the mandate agreements on which it is based.

The Goldman Sachs Fairness Opinion expresses or implies neither any opinion on any relative merits of the Offer compared to strategic alternatives that might also be available to the Company nor any legal, regulatory, tax or accounting matters. The decision to accept or reject the Offer must be made by the Telefónica Deutschland Shareholders according to their individual circumstances.

In context of the assessment of the fairness of the Offer Consideration from a financial point of view, Goldman Sachs has performed a series of financial analyses that are performed in comparable transactions and appear appropriate, in order to provide the Supervisory Board with a basis for an assessment of the fairness of the Offer Consideration from a financial point of view. In this process, Goldman Sachs has considered a number of assumptions, procedures, limitations and judgments, which are described

in the Goldman Sachs Fairness Opinion. The exact approach is described in detail in the Goldman Sachs Fairness Opinion. In particular, Goldman Sachs did not perform an independent evaluation or appraisal of the assets and liabilities (including tax, contingent, derivative or other off-balance sheet assets and liabilities) of the Company, the Bidder, the Bidder Parent Company and/or any of their affiliated entities and has relied, without independent verification on the accuracy and completeness of a number of items of information, in particular of a financial, legal, regulatory, tax accounting and other nature, and on representations made by the management of the Company that it is not aware of any facts or circumstances that would cause such information to be materially incorrect or misleading. In addition, Goldman Sachs with consent of the Supervisory Board has assumed that the Financial Forecasts (as defined below) have been prepared adequately and on basis of currently best available estimates and judgments of the management of the Company and reflect those.

In connection with the Fairness Opinion, Goldman Sachs has reviewed, among other things, the following documents and information: a finalized draft of this Reasoned Statement in the form approved by each of the Management Board and the Supervisory Board; the Offer Document; the annual reports of the Company (including the consolidated annual financial statements of the Company contained therein) for the five fiscal years ended 31 December 2022; certain interim reports of the Company; certain other communications from the Company and the Bidder Parent Company to its shareholders; certain publicly available research analyst reports for the Company; and certain internal financial analyses and forecasts for the Company prepared by its management on a standalone basis, whereby the Company has approved the use of these financial analyses and forecasts by Goldman Sachs (*Financial Forecasts*). Goldman Sachs has also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company, reviewed the stock price and the trading activity of the Telefónica Deutschland Shares, compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded, reviewed the financial terms of certain recent transactions including public offers in the German and European market, and performed other studies and analyses, and considered other factors, as Goldman Sachs deemed appropriate.

The Goldman Sachs Fairness Opinion is subject to certain assumptions and reservations explained in more detail in the Goldman Sachs Fairness Opinion. The Supervisory Board advises that the Goldman Sachs Fairness Opinion should be read in full in order to understand it and the analyses underlying it and its conclusions. The Goldman Sachs Fairness Opinion is based in particular on the economic, monetary, market and

other conditions prevailing at the time the Goldman Sachs Fairness Opinion was submitted and the information available to it at that time. Events occurring after this date may have an impact on the assumptions made when the Goldman Sachs Fairness Opinion and its conclusions were prepared. Goldman Sachs is not required to update, amend or confirm the Goldman Sachs Fairness Opinion with respect to circumstances, developments, and events after the date on which the Fairness Opinion was submitted.

Goldman Sachs did not express any view on, and the Goldman Sachs Fairness Opinion does not address, any other term or aspect of the Offer Document, the Offer (including the mechanism regarding the pro-rata allocation in event of an over-subscription of the Offer) or any term or aspect of any other agreement or instrument contemplated by them, or entered into, or amended in connection with them, or potentially pursued after the consummation of the Offer, including , any potential enterprise agreement (e.g., a domination and/or profit and loss transfer agreement), any potential squeeze-out transaction, any potential merger transaction in accordance with the German Transformation Act, any potential delisting offer, or any other integration measure involving the Company that may be entered into or taken, as applicable, by the Bidder, the Bidder Parent Company or any of their affiliates subsequent to the completion of the Offer.

The Goldman Sachs Fairness Opinion is not, is not intended to be, and shall not be construed as, a valuation report of the type typically rendered by qualified auditors or independent valuation experts. Accordingly, the Goldman Sachs Fairness Opinion has not been prepared in accordance with the standards and guidelines for valuation reports prepared by qualified auditors as set by the German Institute of Public Auditors (*IDW*). In particular, the Goldman Sachs Fairness Opinion has neither been prepared in accordance with the standards and guidelines set forth by the IDW for the preparation of a company valuation (commonly referred to as IDW S 1) nor the standards and guidelines set forth by the IDW for the preparation of a fairness opinion (commonly referred to as IDW S 8). An opinion like the Goldman Sachs Fairness Opinion differs in material respects from a valuation report or a fairness opinion prepared by qualified auditors or independent valuation experts, as well as from accounting valuations generally.

In addition, Goldman Sachs does not express any view on, and the Goldman Sachs Fairness Opinion does not address, whether or not the terms and conditions of the Offer are consistent with the requirements of the WpÜG and the regulations promulgated thereunder, or comply with any other legal requirements.

Goldman Sachs will receive a remuneration that is in line with the market standard from the Company for their work as financial advisor to the Supervisory Board, who commissioned it to issue an opinion on the assessment of the Offer Price from a financial point of view, in connection with the Offer, irrespective of the completion of the

Offer. In addition, the Company has agreed to reimburse certain expenditures and to indemnify and hold Goldman Sachs harmless from certain liability risks associated with the acceptance of this commission. It should be noted that Goldman Sachs from time to time has provided certain financial advisory and/or underwriting services to entities of the Bidder Parent Group for which Goldman Sachs's Investment Banking Division has received, and may receive, compensation.

The Supervisory Board has convinced itself of the plausibility and appropriateness of the procedures, methods and analyses applied by Goldman Sachs on the basis of its own experience.

3.5 Overall assessment of the fairness of the consideration

The Management Board and the Supervisory Board are of the opinion that the Offer Consideration is fair from a financial point of view. However, it is pointed out that, in the view of the Management Board and the Supervisory Board, if the targets set out in the medium-term planning, which provide for full compensation of the revenues and income from the expiring MBA MVNO/4G national roaming agreement with 1&1, are fully implemented within the envisaged periods and depending on the underlying cost of capital, a higher intrinsic pro rata value per Telefónica Deutschland Share can be achieved in the medium to long term. Nevertheless, it is not guaranteed that a possible intrinsic pro rata value per Telefónica Deutschland Share that may exceed the Offer Consideration in the medium to long-term can also be realized on the stock exchange. It cannot be ruled out that in the event of a high acceptance rate or an increase in the shareholding by companies of the Bidder Parent Group outside the Offer, the liquidity of the Telefónica Deutschland Shares will be not only insignificantly restricted and a positive development of the Telefónica Deutschland Group will not or not fully be rewarded by the capital market.

VII. OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE BIDDER PARENT COMPANY AND THEIR EVALUATION BY THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The objectives and intentions of the Bidder set out below are based exclusively on its statements in the Offer Document. According to the information contained in the Offer Document, these are the joint intentions of the Bidder and the Bidder Parent Company as of the time of publication of the Offer Document from which neither the Bidder nor the Bidder Parent Company intend to deviate. However, the Bidder points out in Section 2.3 of the Offer Document that it is possible that it could change its intentions after publication of the Offer Document. The Management Board and the Supervisory Board of the Company point out that they are not in a position to verify the intentions expressed by the Bidder or to guarantee their implementation.

The following summary is intended to provide an overview of the background to the Offer set out in the Offer Document (see Section 1.1 of this Statement) and the intentions of the Bidder and the Bidder Parent Company (see Section 1.2 of this Statement) and does not purport to be exhaustive; Telefónica Deutschland Shareholders are therefore advised to carefully read the relevant statements in Sections 9 and 10 of the Offer Document. Subsequently, the Management Board and the Supervisory Board will comment on this (see Section 2 of this Statement).

1. Information provided by the Bidder in the Offer Document

1.1 Economic and strategic background of the Offer

In Section 9 of the Offer Document, the Bidder describes the economic and strategic background of the Offer. Accordingly, the Bidder and the Bidder Parent Company are pursuing the strategic objective of increasing their shareholding in Telefónica Deutschland with the Offer. The Bidder states that with the Offer, it and the Bidder Parent Company intend to increase the Bidder Parent Company's existing (indirect) majority stake of currently approximately 80.16 % of the share capital and voting rights in the Company and thereby increase its future share in the profits and cash flows of Telefónica Deutschland. According to the Bidder, Telefónica Deutschland's contribution to the consolidated profit of the Bidder Parent Company shall be increased through the increase in the shareholding.

According to the Bidder, the Offer reinforces the Bidder Parent Company's strategy to focus on its core regions (i.e. Spain, Brazil, Germany and the United Kingdom) and to continue its strong commitment to the German market. From the Bidder's perspective, the Offer also supports the Bidder Parent Company's efforts to simplify the capital structure of the Bidder Parent Group and improves the Euro cash flows generated in the Bidder Parent Group.

In addition, the Bidder states that in connection with the Offer, the Bidder Parent Company has communicated its intention to pursue a revision of the current dividend policy for Telefónica Deutschland's Shareholders, without prejudice to the already confirmed dividend of EUR 0.18 per share for the financial year 2023, in order to establish a more conservative financial policy that will allow Telefónica Deutschland to better focus on its commitment to continue to achieve sustainable growth and efficiency following the recent loss of a material wholesale contract, namely the loss of the MBA MVNO/4G National Roaming agreement with 1&1.

1.2 Intentions of the Bidder and the Bidder Parent Company

1.2.1 Future business activities of Telefónica Deutschland

According to Section 10.1 of the Offer Document, the Bidder and the Bidder Parent Company are of the opinion that Telefónica Deutschland is pursuing a successful business strategy. According to the Bidder, it and the Bidder Parent Company are currently not pursuing any intentions that would have an impact on Telefónica Deutschland's business activities or strategic objectives. It is emphasized that Telefónica Deutschland will continue to be managed independently under the umbrella of the Bidder Parent Company. According to the Bidder, it and the Bidder Parent Company intend to continue to work closely with the Management Board of Telefónica Deutschland and to support it in the implementation of its strategy. The Bidder and the Bidder Parent Company are convinced that the intended increase in the shareholding will ensure continuity and further strengthen Telefónica Deutschland's good relationships with its employees, customers, business partners and suppliers.

1.2.2 Headquarters and locations of Telefónica Deutschland

According to Section 10.2 of the Offer Document, the Bidder and the Bidder Parent Company do not intend to relocate the registered office of Telefónica Deutschland in Munich to another location or to relocate or close locations or significant parts of Telefónica Deutschland.

1.2.3 Assets and future obligations of Telefónica Deutschland

According to Section 10.3 of the Offer Document, the Bidder and the Bidder Parent Company have no intentions with regard to the assets of Telefónica Deutschland or the creation of future obligations.

1.2.4 Employees, employee representation and employment conditions

According to Section 10.4 of the Offer Document, the Bidder and the Bidder Parent Company do not intend to bring about any changes with regard to the employees of Telefónica Deutschland and their employment conditions. The Bidder and the Bidder Parent Company value the expertise and experience of Telefónica Deutschland's employees and are convinced that there will be attractive prospects for Telefónica Deutschland's employees even after the completion of the Offer.

Furthermore, the Bidder states that it and the Bidder Parent Company also do not intend to bring about any changes with regard to the employee representation on the Supervisory Board of Telefónica Deutschland.

1.2.5 Members of the Management Board and Supervisory Board of Telefónica Deutschland

In Section 10.5 of the Offer Document, the Bidder emphasizes that it and the Bidder Parent Company have full confidence in the current members of the Management Board and the Supervisory Board of Telefónica Deutschland. According to the Bidder, it and the Bidder Parent Company do not intend to make any changes to the composition or size of the Management Board of Telefónica Deutschland or to replace the current members of the Supervisory Board of Telefónica Deutschland.

1.2.6 Structural measures

According to Section 10.6 of the Offer Document, the Bidder and the Bidder Parent Company do not intend to take any structural measures with respect to Telefónica Deutschland. According to the Bidder, the Bidder and the Bidder Parent Company do not intend and are not obliged to enter into a domination and profit and loss transfer agreement with Telefónica Deutschland pursuant to section 291 AktG. The Bidder expects that the Management Board of Telefónica Deutschland will continue to manage the Company independently.

In addition, the Bidder declares that it and the Bidder Parent Company may consider, after completion of the Offer or at a later point in time, (i) in accordance with applicable law and in consultation with the Management Board and the Supervisory Board of the Company, a revocation of the admission of the Telefónica Deutschland Shares to trading on the regulated market (delisting) and (ii) if the relevant conditions are met, a squeeze-out of the minority shareholders. In addition, the Bidder Parent Company could consider consolidating all Telefónica Deutschland Shares held directly or indirectly by it under the Bidder at a later point in time. Please refer to Section 10.6 of the Offer Document for further details on these structural measures that may still have to be considered.

1.2.7 Dividend policy

In Section 10.7 of the Offer Document, the Bidder provides information on the future dividend policy. Accordingly, it and the Bidder Parent Company intend to work towards a revision of Telefónica Deutschland's current dividend policy in connection with the Offer, notwithstanding the dividend of EUR 0.18 per share for the financial year 2023 already confirmed. The Bidder states that Telefónica Deutschland's future dividend policy will reflect the needs arising from the implementation of the current business plan and, accordingly, will depend, inter alia, on Telefónica Deutschland's future spending and investment plans as well as other existing or potential risks and contingencies. In this context, the Bidder points out that Telefónica Shareholders

tendering their Telefónica Deutschland Shares will not receive the confirmed dividend of EUR 0.18 for the financial year 2023, as this is expected to be paid out only in May 2024 and thus after expiry of the Acceptance Period.

In the opinion of the Bidder and the Bidder Parent Company, the Offer therefore offers an attractive opportunity for all shareholders, in particular for those for whom the current dividend policy is decisive, to obtain liquidity at a significant premium.

1.2.8 Intentions regarding the Bidder and the Bidder Parent Company

Section 10.8 of the Offer Document describes the intentions regarding the Bidder and the Bidder Parent Company as follows: The Bidder does not engage in any operating business. The corporate purpose of the Bidder is the acquisition, holding and management of participations in companies and enterprises in its own name, for its own account and not as a service for third parties.

With the exception of the effects on their own net assets, financial position and results of operations described in Section 15 of the Offer Document, the Bidder and the Bidder Parent Company have no intentions with regard to the registered office of the companies or the location of significant parts of the companies, their future business activities, the use of the assets or the future obligations of the Bidder and the Bidder Parent Company, the members of the management bodies of the Bidder and the Bidder Parent Company or, if any, the employees and their representatives or the terms and conditions of employment of the Bidder and the Bidder Parent Company.

2. Evaluation of the objectives and intentions pursued with the Bidder's Offer and the expected consequences for Telefónica Deutschland by the Management Board and the Supervisory Board

2.1 Economic and strategic background of the Offer

The Management Board and the Supervisory Board acknowledge the objective pursued by the Bidder and the Bidder Parent Company with the Offer to increase the existing indirect majority stake of the Bidder Parent Company in Telefónica Deutschland and thus to increase its future share in the profits and cash flows of Telefónica Deutschland.

2.2 Future business activities of Telefónica Deutschland

The Management Board and the Supervisory Board acknowledge positively the Bidder's statement that the Bidder and the Bidder Parent Company are of the opinion that Telefónica Deutschland is pursuing a successful business strategy. The Management Board and the Supervisory Board welcome the fact that the Bidder and the Bidder Parent Company currently have no plans that would have an impact on Telefónica Deutschland's business activities or strategic objectives and that Telefónica Deutschland will continue to be managed independently under the umbrella of the Bidder Parent Company. The Management Board and the Supervisory Board also welcome the fact that the Bidder and the Bidder Parent Company intend to continue to cooperate closely with the management of Telefónica Deutschland and to support it in the implementation of its strategy. The Management Board and the Supervisory Board further note that the Bidder and the Bidder Parent Company are convinced that the intended increase of the shareholding will ensure continuity and further strengthen Telefónica Deutschland's good relationships with its employees, customers, business partners and suppliers.

2.3 Headquarters of Telefónica Deutschland, location of significant parts of the Company

The Management Board and the Supervisory Board welcome the fact that the Bidder and the Bidder Parent Company have no intentions with regard to a relocation of the registered office or a relocation or closure of significant business locations of Telefónica Deutschland, as in their opinion there is currently no need for such change.

2.4 Assets and future obligations of Telefónica Deutschland

The Management Board and the Supervisory Board further welcome the fact that the Bidder and the Bidder Parent Company have no intentions with regard to the assets and the creation of future obligations of Telefónica Deutschland.

2.5 Employees, employee representation and employment conditions

The Management Board and the Supervisory Board welcome the fact that the Bidder and the Bidder Parent Company have no intentions regarding any changes for the employees, their employment conditions and the employee representations of Telefónica Deutschland. The Management Board and the Supervisory Board also note positively that the Bidder and the Bidder Parent Company value the expertise and experience of Telefónica Deutschland's employees and share the conviction that there will be attractive prospects for Telefónica Deutschland's employees even after completion of the Offer.

The Management Board and the Supervisory Board therefore unanimously assume that the completion of the Offer will not have any adverse effects on the employees of Telefónica Deutschland and the Telefónica Deutschland Group with regard to their

employment contracts and employment conditions. Furthermore, the Management Board and the Supervisory Board unanimously assume that the consummation of the Offer will not have any effects on the employee representative bodies, in particular the works councils of the Telefónica Deutschland Group.

2.6 Members of the Management Board and Supervisory Board of Telefónica Deutschland

The Management Board and the Supervisory Board acknowledge that the Bidder and the Bidder Parent Company have full confidence in the current members of the Management Board and the Supervisory Board of Telefónica Deutschland and do not intend to initiate changes in the current Management Board of Telefónica Deutschland or to replace the current members of the Supervisory Board of Telefónica Deutschland.

2.7 Structural measures

The Management Board and the Supervisory Board welcome the Bidder's statement that it and the Bidder Parent Company currently do not intend to take any structural measures in relation to Telefónica Deutschland and expressly do not intend to conclude a domination and profit and loss transfer agreement with Telefónica Deutschland.

The Management Board and the Supervisory Board acknowledge that the Bidder and the Bidder Parent Company may consider (i) revoking the admission of the Telefónica Deutschland Shares to trading on the regulated market (delisting) in accordance with applicable law and in consultation with the Management Board and the Supervisory Board of the Company and (ii) effecting a squeeze-out of the minority shareholders if the relevant conditions are met. In addition, the Management Board and the Supervisory Board note that the Bidder Parent Company may consider consolidating all Telefónica Deutschland Shares held directly or indirectly by it under the Bidder at a later point in time. Since such considerations of the Bidder and the Bidder Parent Company are not yet being made, they do not require an evaluation by the Management Board and the Supervisory Board in the context of this Statement.

2.8 Dividend policy

For the 2020, 2021 and 2022 financial years, the dividend distributed by the Company amounted to EUR 0.18 per dividend-bearing share. The Management Board and Supervisory Board have agreed to propose to the general meeting that the amount of EUR 0.18 per dividend-bearing share will also be proposed as a minimum dividend for the 2023 financial year. They have also stated that their dividend proposal to the Company's general meeting could also take into account the expected future benefits with regard to the expansion of the 5G network and the introduction of commercial offers for 5G.

The Management Board and the Supervisory Board note that, in connection with the Offer, the Bidder and the Bidder Parent Company intend to work towards a revision of Telefónica Deutschland's current dividend policy, notwithstanding the dividend of EUR 0.18 per share for the financial year 2023, which has already been confirmed from the Bidder's perspective. The Management Board and the Supervisory Board welcome the intention of the Bidder and the Bidder Parent Company to use the Offer to enable the minority shareholders of the Company, for whom the current dividend policy is decisive, to sell their Telefónica Deutschland Shares outside the stock exchange with the Offer. The Management Board and the Supervisory Board point out that the Bidder and, indirectly, the Bidder Parent Company can already decide on the distribution of dividends at the general meeting of Telefónica Deutschland due to their existing majority of voting rights. This includes, in particular, the possibility of deciding not to pay a dividend in the future or to pay a lower dividend compared to the previous dividend policy.

2.9 Tax consequences

The Management Board and the Supervisory Board point out that the completion of the Offer may have an impact on the tax situation of the Telefónica Deutschland Group. Companies belonging to the Telefónica Deutschland Group are owners of real estate. The completion of the Offer could trigger a real estate transfer tax (***Real Estate Transfer Tax***). In Germany, for example, the applicable Real Estate Transfer Tax rate is between 3.5 % and 6.5 %, depending on the federal state in which the property is located. The amount of Real Estate Transfer Tax depends on the value attributed to the land and the buildings on it. Overall, the Management Board and the Supervisory Board estimate the impact of the Real Estate Transfer Tax possibly triggered by the completion of the Offer to be less than EUR 100,000.00 for the entire Telefónica Deutschland Group.

2.10 Financial consequences

With regard to the effects of a successful Offer on existing financing agreements of the Telefónica Deutschland Group, the Management Board and the Supervisory Board point out that there are no material financing agreements in connection with which the contractual partner has a right of termination in the event of a successful Offer.

2.11 Consequences for material contractual agreements

With regard to the effects of a successful Offer on material contractual agreements of the Telefónica Deutschland Group, the Management Board and the Supervisory Board point out that there are no material contractual agreements in connection with which the contractual partner has a right of termination in the event of a successful Offer.

VIII. EFFECTS ON TELEFÓNICA DEUTSCHLAND SHAREHOLDERS

The following statements are intended to provide Telefónica Deutschland Shareholders with information for an assessment of the consequences of accepting or not accepting the Offer. This information contains some aspects that the Management Board and the Supervisory Board consider relevant for the decision of the Telefónica Deutschland Shareholders regarding the acceptance of the Offer. However, such a presentation cannot be exhaustive because individual particularities cannot be taken into account. Telefónica Deutschland Shareholders must make an independent decision as to whether and to what extent they wish to accept the Offer. The following points are for guidance only. In particular, the Management Board and the Supervisory Board cannot make any assessment as to whether Telefónica Deutschland Shareholders could suffer tax disadvantages or lose tax advantages by accepting or not accepting the Offer. Each Telefónica Deutschland Shareholder should sufficiently consider its personal circumstances when making a decision. The Management Board and the Supervisory Board recommend that each individual Telefónica Deutschland Shareholder should seek expert advice, if and to the extent necessary.

1. **Expected consequences of a successful Offer for Telefónica Deutschland Shareholders who accept the Offer**

Against the above, all Telefónica Deutschland Shareholders who intend to accept the Offer should consider, inter alia, the following points:

- Telefónica Deutschland Shareholders who will accept or have accepted the Offer will no longer benefit from any positive development of the stock exchange price of the Telefónica Deutschland Shares, any benefits related to the completion of the Offer or any positive business development of Telefónica Deutschland, in particular in the form of the payment of a dividend. On the other hand, these Telefónica Deutschland Shareholders will no longer bear the risks that could result from negative developments at the Company or in the market environment. In particular, they are not affected by negative developments in the share price of Telefónica Deutschland Shares.
- The Offer will not be completed until the Offer Condition has been fulfilled or the Bidder has effectively waived its fulfilment (see the statements under Section 13 of the Offer Document) and the Acceptance Period has expired. Whether the Offer Condition is fulfilled may only be determined after the expiry of the Acceptance Period.
- The contracts concluded by the acceptance of the Offer will not be executed and will lapse and Telefónica Deutschland Shares Tendered for sale will be returned

if the Offer Condition has not been fulfilled or the Bidder has not effectively waived it (see the statements under Section 13 of the Offer Document).

- The minimum price provisions of the WpÜG and the WpÜG Offer Ordinance do not apply to the Offer. However, if the Bidder or any of its affiliates has acquired Telefónica Deutschland Shares outside the Offer at a price higher than the Offer Price or has made arrangements for such an acquisition prior to the expiry of the Acceptance Period, the Bidder or any of its affiliates would have to increase the Offer Price to the highest price paid for Telefónica Deutschland Shares outside the Offer in accordance with the applicable provisions of United States securities laws and amend the Offer accordingly in accordance with section 21 para. 1 sentence 1 no. 1 WpÜG. However, according to Section 4 of the Offer Document, the Bidder and its affiliates do not intend to acquire Telefónica Deutschland Shares outside the Offer at a price higher than the Offer Price. Should this be the case, any increase in the Offer Price due to the acquisition of Telefónica Deutschland Shares outside of the Offer would be published in accordance with the provisions of Section 4 of the Offer Document. All Telefónica Deutschland Shareholders who accept the Offer would receive the increased Offer Price in accordance with Section 17.6 of the Offer Document.
- Telefónica Deutschland Shareholders who accept the Offer will not participate in any compensation or settlement payments that may be required by law in the event of any structural measures implemented after the settlement of the Offer (see in more detail the statements under Section 16.3 of the Offer Document). Any compensation or settlement payments are generally measured according to the total value of a company and can be reviewed in court proceedings (in the context of appraisal proceedings or other proceedings). Such compensation payments could correspond to the amount of the Offer Price, but could also be higher or lower. In the opinion of the Management Board and the Supervisory Board, it cannot be ruled out that severance payments could exceed the amount of the Offer Price at a later date. Even if they are higher, the shareholders of Telefónica Deutschland accepting the Offer are not entitled to such compensation payments or any additional payments.
- Should a dividend be distributed in the future, this will not benefit Telefónica Deutschland Shareholders who accept the Offer. This also applies to the dividend for the financial year 2023, which is expected to be paid out in May 2024.
- Pursuant to the WpÜG, the Bidder is entitled to amend the Offer Consideration up to one working day prior to the expiry of the Acceptance Period. However, it may not reduce the Offer Consideration. In the event of an amendment of the

Offer, those Telefónica Deutschland Shareholders who have accepted the Offer prior to the publication of the amendment of the Offer have a right of withdrawal pursuant to Section 18.1, first bullet point of the Offer Document until the expiry of the Acceptance Period. The possibility to accept the amended Offer remains unaffected.

- According to Section 17.7 of the Offer Document, the Bidder will apply for admission of the Telefónica Deutschland Shares Tendered to trading on the Frankfurt Stock Exchange in the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). Telefónica Deutschland Shareholders who have accepted the Offer will be able to trade their Telefónica Deutschland Shares Tendered on the stock exchange as soon as the Telefónica Deutschland Shares Tendered have been booked into ISIN DE000A3MQD87. However, there is no guarantee that such trading will actually take place. Trading is expected to commence on the third Exchange Trading Day after the beginning of the Acceptance Period. It will end at the end of trading on the last day of the Acceptance Period. The acquirers of Telefónica Deutschland Shares Tendered traded under ISIN DE000A3MQD87 will assume all rights and obligations under the agreements entered into by accepting the Offer in respect of such Telefónica Deutschland Shares. The trading volume and liquidity of the Telefónica Deutschland Shares Tendered will depend on the respective acceptance ratio and may therefore not be available or only available to a limited extent and may be subject to significant fluctuations. It is therefore possible that a sale of Telefónica Deutschland Shares Tendered via the stock exchange may not take place due to a lack of demand.

2. Expected consequences of a successful Offer for Telefónica Deutschland Shareholders who do not accept the Offer

Telefónica Deutschland Shareholders who do not accept the Offer will remain shareholders of Telefónica Deutschland. However, they should consider, inter alia, the Bidder's statements in Section 16 of the Offer Document and the following points:

- If Telefónica Deutschland Shareholders do not accept the Offer, they will continue to bear the risks and opportunities of the future development of the Telefónica Deutschland Shares. Even after completion of this Offer, the Bidder and the Bidder Parent Company will have the necessary majority of voting rights to determine the distribution of a dividend and its amount at the general meeting of Telefónica Deutschland.

- Upon completion of the Offer, the free float of Telefónica Deutschland Shares will decrease, which will lead to a reduction in the supply of and demand for such shares. As a result, the liquidity of Telefónica Deutschland Shares may decrease, which may lead to delays or even failure in the execution of buy and sell orders. This could also lead to greater fluctuations in the price of Telefónica Deutschland Shares in the future.
- The stock exchange price of the Telefónica Deutschland Shares in the last Exchange Trading Days prior to the publication of the Offer Document presumably reflects the fact that the Bidder announced its decision to submit an Offer on 7 November 2023. It is uncertain whether the stock exchange price of the Telefónica Deutschland Shares will remain at the current level or whether it will be higher or lower after completion of the Offer.
- The Telefónica Deutschland Shares are currently included in the MDAX, a stock index calculated by Deutsche Börse consisting of 50 issuers traded on the Frankfurt Stock Exchange, as well as in the TecDAX, a stock index calculated by Deutsche Börse consisting of 30 issuers traded on the Frankfurt Stock Exchange. The completion of the Offer or other, possibly parallel acquisitions of Telefónica Deutschland Shares by the Bidder Parent or persons acting in concert with the Bidder could lead to a reduction of the free float market capitalization, so that Telefónica Deutschland Shares could be removed from the MDAX and/or TecDAX at one of the next regular index adjustment dates or outside the regular index adjustment dates due to an extraordinary index adjustment on the occasion of a significant reduction of the free float. In particular, if less than 10 % of Telefónica Deutschland's Shares remain in free float in the future, it is to be expected that Telefónica Deutschland will be excluded from the MDAX and the TecDAX, as the 10 % threshold is a mandatory minimum requirement of Deutsche Börse for inclusion in the MDAX and the TecDAX. Exclusion from the MDAX and/or the TecDAX could result in investment funds and other institutional investors whose investments track these indices selling their Telefónica Deutschland Shares and refraining from future purchases of these Telefónica Shares in a comparatively illiquid market, which could adversely affect the share price of the Telefónica Deutschland Shares.
- The Bidder could seek a delisting of the Telefónica Deutschland Shares after completion of the Acquisition Offer (see in particular also Sections 10.6 and 16.2 of the Offer Document). In the event of a complete delisting pursuant to section 39 para. 2 of the German Stock Exchange Act (*Börsengesetz - BörsG*), the Bidder or another legal entity would submit a delisting offer to all minority shareholders to acquire the Telefónica Deutschland Shares held by them in exchange

for a fair cash compensation pursuant to section 39 para. 2 BörsG. Pursuant to section 39 para. 3 BörsG, the WpÜG would apply accordingly to the determination of the consideration with the proviso that the consideration must consist of a cash payment in Euro and correspond to the weighted average domestic stock exchange price during the last six months prior to the publication pursuant to section 10 para. 1 sentence 1 WpÜG. The amount of the fair cash compensation could correspond to the Offer Price but could also be higher or lower. According to Section 16.2 of the Offer Document, based on current market conditions, the Bidder and the Bidder Parent Company would only consider a delisting offer if the offer price for such delisting offer equals the offer price as defined in Section 4 of the Offer Document, reduced by any dividends paid by Telefónica Deutschland from the announcement until the consummation of such delisting offer, or a lower price. A delisting could have a significant negative impact on the liquidity of the Telefónica Deutschland Share.

- Alternatively, the Bidder and the Bidder Parent Company could endeavor to have Telefónica Deutschland change the stock exchange segment in order to reduce the costs as well as the transparency and reporting obligations of Telefónica Deutschland in connection with the listing of the Telefónica Deutschland Shares in the Prime Standard. In this case, Telefónica Deutschland Shareholders would no longer benefit from the stricter transparency and reporting obligations of the Prime Standard segment. Such a change of the stock exchange segment could also have a significant negative impact on the liquidity of the Telefónica Deutschland Shares.
- The Bidder and the Bidder Parent Company already hold the required majority of 75 % of the voting rights and share capital of Telefónica Deutschland to be able to enforce material structural measures under corporate law or other measures relating to Telefónica Deutschland in the general meeting of Telefónica Deutschland. The structural measures under corporate law that the Bidder and the Bidder Parent could decide on in a general meeting of Telefónica Deutschland include, for example, amendments to the articles of association, capital increases, exclusion of shareholders' subscription rights in the event of capital measures, intercompany agreements such as, in particular, domination and profit and loss transfer agreements, transformations and liquidations (including a so-called "transferring dissolution"). Under German law, only some of the aforementioned measures would result in an obligation of the Bidder and/or the Bidder Parent Company to make an offer to the minority shareholders to acquire their shares in exchange for a fair compensation or to grant another compensation, in each case on the basis of a company valuation of Telefónica Deutschland,

which would have to be substantiated by a valuation report and, if necessary, reviewed by a court in judicial appraisal proceedings or other proceedings. Since such a company valuation must be based on the circumstances at the time of the resolution of the general meeting of Telefónica Deutschland on the relevant measure, the compensation to be offered may correspond to the Offer Price but may also be higher or lower. In addition, it may be possible or required under applicable law to offer compensation in the form of shares, which would also have to be valued. The implementation of some of these measures could also lead to a delisting of the Telefónica Deutschland Shares.

- The Bidder or the Bidder Parent Company could demand a transfer of the Telefónica Deutschland Shares of the outside shareholders to the main shareholder in exchange for fair cash compensation (squeeze-out) if it directly or indirectly holds the required number of shares (90 % or 95 %) in Telefónica Deutschland (see, in particular, Sections 10.6 and 16.3 of the Offer Document). With the implementation of a squeeze-out, the stock exchange listing would automatically be terminated. If Telefónica Deutschland or the Bidder is obliged to pay a fair cash compensation in the event of a squeeze-out, this will generally be determined based on the enterprise value of Telefónica Deutschland at the relevant time. In the event of a squeeze-out under stock corporation or merger law, the cash compensation will be reviewed by a court-appointed auditor. The cash compensation determined in this way may correspond to the Offer Price but may also be higher or lower. In its current legal form, the Bidder would not be in a position to carry out a squeeze-out pursuant to section 62 para. 5 of the German Transformation Act (*Umwandlungsgesetz - UmwG*) in conjunction with sections 327a et seq. AktG (merger exclusion), which would lead to a merger of Telefónica Deutschland into the Bidder. This would only be possible if the Bidder, after conversion into the legal form of a stock corporation or a new subsidiary in the legal form of a stock corporation, holds at least 90 % of the share capital of Telefónica Deutschland at the relevant time. According to Section 16.3 of the Offer Document, the Bidder reserves the right, subject to the economic and regulatory circumstances at the relevant time, to reassess a merger exclusion pursuant to section 62 para. 5 UmwG in conjunction with sections 327a et seq. AktG, which would require a conversion into the legal form of a stock corporation or the formation of a new subsidiary in the legal form of a stock corporation, which would also result in the Telefónica Deutschland Shareholders having to transfer their remaining Telefónica Deutschland Shares in return for a fair cash compensation.

IX. INTERESTS OF THE MEMBERS OF THE GOVERNING BODIES OF TELEFÓNICA DEUTSCHLAND

The members of the Management Board and the Supervisory Board declare that they have acted solely in the best interests of the Company and its shareholders in issuing this Statement. The Bidder and the persons acting jointly with the Bidder have not exercised any influence over Telefónica Deutschland or its governing bodies in connection with the Offer and this Statement.

1. Special interests of members of the Management Board

The chairman of the Management Board, Markus Haas, is also a member of the executive committee of the Bidder Parent Company, which only serves coordination purposes.

The structure of the Management Board remuneration at Telefónica Deutschland is geared towards the sustainable and long-term development of the Company. The variable remuneration of the incumbent Management Board members consists not only of variable remuneration components that are linked to the success of Telefónica Deutschland, but also includes variable remuneration components that depend on the success of the Bidder Parent Company in order to take into account Telefónica Deutschland's strategic interest in belonging to an economically successful group of companies and benefiting from the associated synergies. The fixed and variable remuneration components that are linked to the success of Telefónica Deutschland significantly outweigh those elements that are linked to the success of the Bidder Parent Company. For the current financial year 2023, the Supervisory Board of the Company has determined the variable remuneration of the Management Board members in such a way that 30 % of the one-year variable remuneration (Bonus I) depend on the economic success of the Bidder Parent Company and 33 % of the components with a long-term incentive effect for the chairman of the Management Board and between 39 % and 51 % for the ordinary members of the Management Board depend on the Telefónica, S.A. Performance Share Plan (Bonus III) or the Telefónica, S.A. Restricted Share Plan of the Bidder Parent Company. Further information and details on the remuneration of the Management Board can be found in the remuneration report of Telefónica Deutschland for the financial year 2022 prepared in accordance with section 162 AktG and audited by the auditor.

In particular as a result of their variable Management Board remuneration, which is also based on the success of the Bidder Parent Company, the members of the Management Board of Telefónica Deutschland currently hold the following financial instruments in relation to the Bidder Parent Company:

Board member	Financial instrument
Markus Haas (Chief Executive Officer (CEO), chairman of the Management Board)	49,366 shares; a total of 262,911 share options (262,322 share options Telefónica, S.A. Performance Share Plan (Bonus III) & 589 share options Telefónica, S.A. Global Employee (GESP))
Markus Rolle (Chief Financial Officer (CFO))	17,254 shares; a total of 119,727 share options (119,138 share options Telefónica, S.A. Performance Share Plan (Bonus III) & 589 share options Telefónica, S.A. Global Employee (GESP))
Valentina Daiber (Chief Officer Legal & Corporate Affairs)	14,548 shares; a total of 91,024 share options (91,024 share options Telefónica, S.A. Performance Share Plan (Bonus III))
Nicole Gerhardt (Chief Organisational Development & People Officer)	12,161 shares; a total of 89,353 share options (89,353 share options Telefónica, S.A. Performance Share Plan (Bonus III))
Andreas Laukenmann (Chief Consumer Officer (CCO))	0 shares; a total of 32,546 share options (32,546 share options Telefónica, S.A. Restricted Share Plan (RSP))
Alfons Lösing (Chief Partner & Wholesale Officer)	25,573 shares; a total of 119,727 share options (119,138 share options Telefónica, S.A. Performance Share Plan (Bonus III) & 589 share options Telefónica, S.A. Global Employee (GESP))
Yelamate Mallikarjuna Rao (Chief Technology & Information Officer)	15,077 shares; a total of 122,769 share options (64,504 share options Telefónica, S.A. Performance Share Plan (Bonus III) & 589 share options Telefónica, S.A. Global Employee (GESP) & 57,676 share options Telefónica, S.A. Restricted Share Plan (RSP))

It should be noted that a possible later delisting of Telefónica Deutschland Shares may lead to an acceleration of Telefónica Deutschland's payment obligations under existing long-term incentive plans of the members of the Management Board.

2. Special interests of members of the Supervisory Board

The members of the Supervisory Board Pablo De Carvajal González, Maria García-Legaz Ponce and Ernesto Gardelliano also hold executive positions in the Bidder Parent Company. The member of the Supervisory Board Julio Linares López has held executive positions in the Bidder Parent Company and its subsidiaries since 1970 until

March 2022, including as Chief Operating Officer and deputy chairman of the board of directors of the Bidder Parent Company from 2007 to 2012. Mr Linares López is currently a member of the board of trustees of the Telefónica Foundation (*Fundacion Telefonica*), which is closely linked to the Bidder Parent Company. These four members of the Supervisory Board have therefore declared themselves biased with regard to the Offer and the issuance of this Statement.

In order to deal with these potential conflicts of interest in the best possible way and for reasons of efficiency, the Supervisory Board has set up the Acquisition Offer Committee consisting of three independent shareholder representatives and three employee representatives. The members of the Acquisition Offer Committee are Peter Löscher (as chairman), Thomas Pfeil, Martin Butz, Christoph Heil, Michael Hofmann and Jaime Smith Basterra. Mr Löscher is also an independent, non-executive member of the board of directors and chairman of the audit committee as well as a member of the strategy and innovation committee and the executive commission of the board of directors of the Bidder Parent Company. However, on the one hand, he has assured that he will not exercise his voting rights in votes of the Bidder Parent Company's board of directors concerning Telefónica Deutschland and, on the other hand, according to the Bidder Parent Company, he was not consulted by the Bidder Parent Company in any deliberations or resolutions concerning Telefónica Deutschland, in particular with regard to the submission of the Offer. Mr Smith Basterra worked for the group of the Bidder Parent Company until 2012, but has since been employed by other companies and is no longer involved in decisions of the Bidder Parent Company.

Of the members of the Supervisory Board who have not declared themselves to be biased, Peter Löscher, Jaime Smith Basterra, Thomas Pfeil, Martin Butz, Cansever Heil, Barbara Rothfuß and Dr Jan-Erik Walter hold shares and - in the case of Martin Butz - share options in the Bidder Parent Company. However, the number of shares and share options in relation to the total number of shares issued by the Bidder Parent Company is so small that no individual conflict of interest situation of the individual Supervisory Board members in connection with the Offer can be derived from this.

The Acquisition Offer Committee supported the Supervisory Board in the preparation of this Statement. However, the resolution on this Statement was reserved for the Supervisory Board. According to their own declarations of bias, the members of the Supervisory Board Pablo De Carvajal González, Maria García-Legaz Ponce, Ernesto Gardelliano and Julio Linares López did not participate in any deliberations or resolutions of the Supervisory Board with regard to the Offer and this Statement or in discussions with other third parties.

3. Agreements with members of the Management Board or Supervisory Board

The Bidder or persons acting jointly with the Bidder have not entered into any agreements with individual members of the Management Board or the Supervisory Board or held out the prospect of such agreements.

4. No monetary or other benefits in connection with the Offer

The members of the Management Board and the Supervisory Board have not been granted, promised or given the prospect of any cash benefits, non-cash benefits or other benefits, including any remuneration incentives, by the Bidder or by persons acting jointly with the Bidder pursuant to section 2 para. 5 WpÜG. This does not include the payment of the Offer Price to members of the Management Board and the Supervisory Board for Telefónica Deutschland Shares that such members of the Management Board and the Supervisory Board may tender into the Offer.

X. INTENTION TO ACCEPT THE OFFER

1. Management Board

The following members of the Management Board hold Telefónica Deutschland Shares: Markus Haas (Chief Executive Officer (CEO), Chairman of the Management Board), Markus Rolle (Chief Financial Officer (CFO)), Alfons Lösing (Chief Partner & Wholesale Officer) and Yelamate Mallikarjuna Rao (Chief Technology & Information Officer). All members of the Management Board currently intend to accept the Bidder's Offer for all Telefónica Deutschland Shares held by them.

2. Supervisory Board

Of the members of the Supervisory Board, Thomas Pfeil and Dr Jan-Erik Walter hold Telefónica Deutschland Shares. These Supervisory Board members currently intend to accept the Bidder's Offer for all Telefónica Deutschland Shares held by them.

XI. FINAL EVALUATION AND RECOMMENDATION FOR ACTION

The Management Board and the Supervisory Board have considered the following factors, among others, in order to arrive at their respective own assessments performed independently of one another:

- Economic rationale of the Offer from the perspective of the Telefónica Deutschland Group, the Bidder Parent Group and the Telefónica Group as a whole.

- Comparison of the Offer Consideration with stock exchange prices on 6 November 2023, the last Exchange Trading Day prior to the Bidder's decision to launch the Offer, and with volume-weighted average stock exchange prices of the Telefónica Deutschland Shares during certain reference periods until 6 November 2023.
- Assessment of the proportionate intrinsic value of the Telefónica Deutschland Shares and dealing with the fairness opinions.
- Consideration of the medium- to long-term value potential of the Company on the basis of Telefónica Deutschland's medium-term planning.
- Any effects of the implementation of the Offer and any further increases in shareholdings by companies of the Bidder Parent Group with regard to the liquidity of the Telefónica Deutschland Shares, also on the back of possible index exclusions (e.g. MDAX).
- Planned revision of Telefónica Deutschland's future dividend policy by the Bidder and the Bidder Parent Company.
- Potential impacts of the Offer on the Company's other stakeholders, including employees, customers and business partners.

The Management Board and the Supervisory Board, having conducted their respective own assessments performed independently of one another, are of the opinion that the Offer Consideration of EUR 2.35 in cash per Telefónica Deutschland Share is within the range of what is fair, from a financial point of view, to the Telefónica Deutschland Shareholders.

The Management Board and the Supervisory Board point out that Telefónica Deutschland Group may possibly be able to realise a higher intrinsic value per Telefónica Deutschland Share in the medium- to long-term than is currently reflected by the Offer Consideration of EUR 2.35 in cash per Telefónica Deutschland Share if the medium-term planning, which provides for full compensation of the revenues and income from the expiring MBA MVNO/4G National Roaming Agreement with 1&1, is fully implemented, also in terms of time and depending on the capital costs applied. However, it cannot be predicted whether a possible higher intrinsic value per Telefónica Deutschland Share can be realised on the capital market in the medium- to long-term if the corporate planning is fully implemented. In this respect, the Management Board and the Supervisory Board point out in particular that the implementation of the Offer and any further increases in shareholdings by companies of the Bidder Parent Group may have not only insignificant effects on the liquidity of the Telefónica Deutschland Shares, also on the back of possible index exclusions (e.g. MDAX).

Against this background and taking into account the foregoing statements in this Statement, the Management Board and the Supervisory Board welcome and support the Bidder's Offer.

The Management Board and the Supervisory Board recommend that the Telefónica Deutschland Shareholders accept the Acquisition Offer.

Irrespective of this recommendation, all Telefónica Deutschland Shareholders must decide for themselves in each individual case whether to accept the Offer, taking into account the overall circumstances as well as their personal situation and assessment of the possible future development of the value and the stock exchange price of the Telefónica Deutschland Shares.

Subject to statutory provisions, the Management Board and the Supervisory Board are not liable if the acceptance or non-acceptance of the Offer results in economic disadvantages for a Telefónica Deutschland Shareholder. In particular, the Management Board and the Supervisory Board make no assessment as to whether in the future, for example in the event of the implementation of a structural measure (e.g. squeeze-out, delisting), a higher or lower consideration could be determined than in the Offer, to which the shareholders who accept the Offer will then not be entitled.

The content of this joint Statement was adopted by the Management Board on 13 December 2023 and the Supervisory Board on 12 December 2023, each unanimously, whereby the members of the Supervisory Board Pablo De Carjaval González, Maria García-Legaz Ponce, Ernesto Gardelliano und Julio Linares López did not participate in any deliberations or resolutions of the Supervisory Board with regard to the Offer and this Statement. The content of this Statement was last discussed by the Management Board on 13 December 2023 and the Supervisory Board on 12 December 2023 after extensive consultation on the draft status of this Statement.

Munich, 12/13 December 2023

Telefónica Deutschland

Management Board

Supervisory Board

Annex 1
Subsidiaries of Telefónica Deutschland

No.	Name	Seat	Country
1.	AY YILDIZ Communications GmbH	Dusseldorf	Germany
2.	E-Plus Service GmbH	Dusseldorf	Germany
3.	O2 Telefónica Deutschland Finanzierungs GmbH	Munich	Germany
4.	Ortel Mobile GmbH	Dusseldorf	Germany
5.	Telefónica Germany 1. Beteiligungsgesellschaft	Munich	Germany
6.	Telefónica Germany Business Sales GmbH	Dusseldorf	Germany
7.	Telefónica Germany GmbH & Co. OHG	Munich	Germany
8.	Telefónica Germany Management GmbH	Munich	Germany
9.	Telefónica Germany Retail GmbH	Dusseldorf	Germany
10.	TCFS Potsdam GmbH	Potsdam	Germany
11.	TGCS Bremen GmbH	Munich	Germany
12.	TGCS Hamburg GmbH	Munich	Germany
13.	TGCS Nürnberg GmbH	Munich	Germany
14.	TGCS Rostock GmbH	Munich	Germany
15.	Wayra Deutschland GmbH	Munich	Germany

Annex 2

Subsidiaries of the Bidder Parent Company (including Telefónica Deutschland, but excluding its subsidiaries)

No.	Name	Seat	Country
1	Group 3G UMTS Holding GmbH	Ismaning	Germany
2	Quam GmbH	Ismaning	Germany
3	Telefónica Cybersecurity & Cloud Tech Deutschland GmbH	Ismaning	Germany
4	Telefónica Global Roaming GmbH	Ismaning	Germany
5	Telefónica Global Services GmbH	Ismaning	Germany
6	Telefónica Global Solutions Germany GmbH	Ismaning	Germany
7	Telefónica Infra Germany GmbH	Ismaning	Germany
8	BE-terna Acceleration GmbH	Leipzig	Germany
9	BE-terna Acceleration Holding GmbH	Leipzig	Germany
10	BE-terna Enhancement GmbH	Leipzig	Germany
11	BE-terna Germany GmbH	Leipzig	Germany
12	BE-terna GmbH (Leipzig)	Leipzig	Germany
13	Telefónica Deutschland Holding AG	Munich	Germany
14	BE-terna Industry Solutions GmbH	Sindelfingen-Darmsheim	Germany
15	BE-terna Business Solutions GmbH	Überlingen	Germany
16	Pleyade Argentina S.A.	Buenos Aires	Argentina
17	Telefónica Ingeniería de Seguridad Argentina	Buenos Aires	Argentina
18	Telefónica de Argentina, S.A.	Buenos Aires	Argentina
19	Telefónica Global Solutions Argentina S.A.	Buenos Aires	Argentina
20	Telefónica Móviles Argentina	Buenos Aires	Argentina
21	Telxius Cable Argentina S.A.	Buenos Aires	Argentina
22	Terra Networks Argentina, S.A.	Buenos Aires	Argentina

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
23	Wayra Argentina S.A.	Buenos Aires	Argentina
24	BE-terna Austria GmbH	Innsbruck	Austria
25	BE-terna GmbH (Innsbruck)	Innsbruck	Austria
26	Telxius Cable Bolivia S.A.	La Paz	Bolivia
27	POP Internet Ltda.	Curitiba	Brazil
28	Recicla V Comércio e Reciclagem de Sucatas e Metais Ltda.	Curitiba	Brazil
29	Telefónica Brazil S.A.	Sao Paulo	Brazil
30	Telefónica Cibersegurança e Tecnologia do Brazil Ltda.	Sao Paulo	Brazil
31	Telefónica Cloud e Tecnologia do Brazil S.A.	Sao Paulo	Brazil
32	Telefónica Corretora de Seguros Ltda	Sao Paulo	Brazil
33	Telefónica Global Solutions Brazil Ltda.	Sao Paulo	Brazil
34	Telefónica Global Solutions Participações Ltda.	Sao Paulo	Brazil
35	Telefónica Infraestrutura e Segurança Ltda.	Sao Paulo	Brazil
36	Telefônica IoT, Big Data e Tecnologia do Brazil S.A.	Sao Paulo	Brazil
37	Telefónica On The Spot Soluções Digitais do Brazil, Ltda.	Sao Paulo	Brazil
38	Telefónica Servicos de Ensino Ltda.	Sao Paulo	Brazil
39	Telefónica Serviços Empresariais do Brazil, Ltda.	Sao Paulo	Brazil
40	Telefónica Transportes e Logística Ltda.	Sao Paulo	Brazil
41	Telxius Cable Brazil Ltda.	Sao Paulo	Brazil
42	Telxius Cable Brazil Participacoes Ltda.	Sao Paulo	Brazil
43	Terra Networks Brazil Ltda.	Sao Paulo	Brazil
44	TLF 01 Empreendimentos e Participações Ltda.	Sao Paulo	Brazil
45	TLF 04 Empreendimentos e Participações Ltda.	Sao Paulo	Brazil
46	Vale Saúde, Administradora de Cartões Ltda.	Sao Paulo	Brazil
47	Vita IT Comércio e Serviços de Soluções em TI Ltda.	Sao Paulo	Brazil
48	Vivo Money Fundo de Investimento em Direitos	Sao Paulo	Brazil

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
	Creditórios		
49	Vivo Ventures Fundo de Investimento em Participações Multiestratégia	Sao Paulo	Brazil
50	Wayra Brazil Desenvolvedora e Apoiadora de Projetos Ltda.	Sao Paulo	Brazil
51	Adatis BG Ltd.	Sofia	Bulgaria
52	Inversiones Telefónica Internacional Holding SpA	Santiago de Chile	Chile
53	Telefónica Chile Servicios Corporativos Limitada	Santiago de Chile	Chile
54	Telefónica Chile, S.A.	Santiago de Chile	Chile
55	Telefónica Cybersecurity & Cloud Tech Chile SpA	Santiago de Chile	Chile
56	Telefónica Empresas Chile S.A.	Santiago de Chile	Chile
57	Telefónica Global Solutions Chile, SpA.	Santiago de Chile	Chile
58	Telefónica IoT & Big Data Tech Chile, SpA.	Santiago de Chile	Chile
59	Telefónica Móviles CHILE S.A.	Santiago de Chile	Chile
60	Telxius Cable Chile S.A.	Santiago de Chile	Chile
61	Wayra Chile Tecnología e Innovación SpA.	Santiago de Chile	Chile
62	Colombia Telecomunicaciones S.A. ESP BIC	Bogotá	Colombia
63	Operaciones Tecnológicas y Comerciales S.A.S	Barranquilla	Colombia
64	Telefónica Cybersecurity & Cloud Tech Colombia S.A.S.	Bogotá	Colombia
65	Telefónica Global Solutions Colombia, S.A.S.	Bogotá	Colombia
66	Telxius Cable Colombia S.A.	Bogotá	Colombia
67	Wayra Colombia S.A.S.	Bogotá	Colombia
68	BE-terna d.o.o. (Croatia)	Zagreb	Croatia

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
69	BE-terna ApS	Åbyhøj	Denmark
70	Pipol A/S	Hørsholm	Denmark
71	Otecel, S.A.	Quito	Ecuador
72	Telefónica Cybersecurity Tech Ecuador Tctech S.A.	Quito	Ecuador
73	Telefónica Global Solutions Ecuador TGSE, S.A.	Quito	Ecuador
74	Telefónica Ingeniería de Seguridad Ecuador S.A.S.	Quito	Ecuador
75	Telxius Cable Ecuador S.A.	Quito	Ecuador
76	BE-terna Adriatic d.o.o	Ljubljana	Slovenia
77	BE-terna d.o.o. (Slovenia)	Ljubljana	Slovenia
78	Acens Technologies, S.L.	Madrid	Spain
79	Altostratus Solutions, S.L.	Barcelona	Spain
80	Audertis Audit Services, S.L.	Madrid	Spain
81	Bluevia Fibra, S.L.	Madrid	Spain
82	Cryptography & Security Systems, S.L.	Madrid	Spain
83	Fonditel Pensiones Entidad Gestora de Fondos de Pensiones, S.A.	Madrid	Spain
84	Fonditel Gestión, Sociedad Gestora de Instituciones de Inversión Colectiva, S.A.	Madrid	Spain
85	Geprom Software Engineering, S.L.	Barcelona	Spain
86	Govertis Advisory Services, S.L.	Valencia	Spain
87	Lotca Servicios Integrales, S.L	Madrid	Spain
88	Solar360 Soluciones de Instalación y Mantenimiento, S.L.	Madrid	Spain
89	TBSC Barcelona Producciones, S.L.	Madrid	Spain
90	Telefónica Audiovisual Digital, S.L.	Madrid	Spain
91	Telefónica Broadcast Services, S.L.	Madrid	Spain
92	Telefónica Capital, S.A.	Madrid	Spain
93	Telefónica Centroamérica Inversiones, S.L.	Madrid	Spain

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
94	Telefónica Chile Holdings, S.L.	Madrid	Spain
95	Telefónica Compras Electrónicas, S.L.	Madrid	Spain
96	Telefónica Correduría de Seguros y Reaseguros Compañía de Mediación, S.A.	Madrid	Spain
97	Telefónica Cybersecurity & Cloud Tech, S.L.	Madrid	Spain
98	Telefónica de España, S.A.	Madrid	Spain
99	Telefónica Innovación Digital, S.L.	Madrid	Spain
100	Telefónica Educación Digital, S.L.	Madrid	Spain
101	Telefónica Emisiones, S.A.	Madrid	Spain
102	Telefónica España Filiales, S.A.	Madrid	Spain
103	Telefónica Finanzas, S.A.	Madrid	Spain
104	Telefónica Gestión Integral de Edificios y Servicios, S.L.	Madrid	Spain
105	Telefónica Global Solutions, S.L.	Madrid	Spain
106	Telefónica Global Technology, S.A.	Madrid	Spain
107	Telefónica Hispanoamérica, S.A.	Madrid	Spain
108	Telefónica Infra, S.L.	Madrid	Spain
109	Telefónica Ingeniería Seguridad, S.A.	Madrid	Spain
110	Telefónica IoT & Big Data Tech, S.A.	Madrid	Spain
111	Telefónica Latinoamerica Holding, S.L.	Madrid	Spain
112	Telefónica Móviles España, S.A.	Madrid	Spain
113	Telefónica Open Innovation, S.L.	Madrid	Spain
114	Telefónica Participaciones, S.A.	Madrid	Spain
115	Telefónica Seguros Reaseguros Compañía Aseguradora, S.A.	Madrid	Spain
116	Telefónica Servicios Audiovisuales, S.A.	Madrid	Spain
117	Telefónica Servicios Globales, S.L.	Madrid	Spain
118	Telefónica Servicios Integrales de Distribución, S.A.	Madrid	Spain

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
119	Telefónica Soluciones de Criptografía, S.A	Madrid	Spain
120	Telefónica Soluciones de Informática y Comunicaciones de España, S.A.	Madrid	Spain
121	Telefónica Soluciones de Outsourcing, S.A.	Madrid	Spain
122	Telefónica Tech, S.L.	Madrid	Spain
123	Teleinformática y Comunicaciones, S.A.	Madrid	Spain
124	Telxius Cable España, S.L.	Madrid	Spain
125	Telxius Telecom, S.A.	Madrid	Spain
126	TIS Hispanoamérica, S.L.	Madrid	Spain
127	TLH HOLDCO, S.L.	Madrid	Spain
128	Toxa Telco Holding, S.L.	Madrid	Spain
129	TEM e - Services Latin America, Inc.	Miami	USA
130	Telefónica Global Solutions USA, Inc.	Miami	USA
131	Telefónica Tech Inc.	Miami	USA
132	Telxius Cable USA, Inc.	Miami	USA
133	Telefónica Global Solutions France II, S.A.S.	Courbevoie	France
134	Telefónica Global Solutions Greece LLC	Athens	Greece
135	Telxius Cable Guatemala, S.A.	Ciudad de Guatemala	Guatemala
136	Adatis India Private Limited	Maharashtra	India
137	Telefónica Tech Ireland Limited	Dublin	Ireland
138	BE-terna SRL	Bolzano	Italy
139	Nova Casiopea RE S.A.	Luxembourg	Luxembourg
140	Telefónica Luxembourg Holding SARL	Luxembourg	Luxembourg
141	Celular de Telefónica S.A. DE C.V.	Mexico City	Mexico
142	Fisatel S.A. DE CV SOFOM E.N.R.	Mexico City	Mexico
143	Geprom Software Engineering S.A. de C.V.	Mexico City	Mexico

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
144	Moviservicios S.A. DE C.V.	Mexico City	Mexico
145	Movitel del Noroeste, S.A. de C.V.	Mexico City	Mexico
146	Pegaso PCS, S.A. DE C.V.	Mexico City	Mexico
147	Pegaso Recursos Humanos S.A de CV	Mexico City	Mexico
148	Pléyade México, Agente de Seguros y de Fianzas S.A de C.V.	Mexico City	Mexico
149	Telefónica Cybersecurity Tech Mexico S.A. de C.V.	Mexico City	Mexico
150	Telefónica Global Solutions México, S.A. de C.V.	Mexico City	Mexico
151	Telefónica IoT & Big Data Tech México, S.A. de C.V.	Mexico City	Mexico
152	Telefónica Móviles Mexico, S.A. de C.V.	Mexico City	Mexico
153	Telefónica Telecomunicaciones Mexico S.A de C.V.	Mexico City	Mexico
154	Terra Networks Mexico S.A. de C.V.	Mexico City	Mexico
155	Wy Telecom, SA de C.V.	Mexico City	Mexico
156	BE-terna A/S	Oslo	Norway
157	Alianza Atlantica Holding BV.	Amsterdam	Netherlands
158	BE-terna B.V.	Oosterhout	Netherlands
159	Telefónica Europe, B.V.	Amsterdam	Netherlands
160	Telefónica Global Activities Holding B.V.	Amsterdam	Netherlands
161	Telefónica Holding Atticus, B.V.	Amsterdam	Netherlands
162	Telefónica Internacional Holding, B.V.	Amsterdam	Netherlands
163	Telfisa Global B.V.	Amsterdam	Netherlands
164	Telefónica Centroamérica S.A.	Panamá	Panama
165	Telxius Cable Panamá S.A.	Panamá	Panama
166	Media Networks Latin America S.A.C.	Lima	Peru
167	PANGEACO S.A.C.	Lima	Peru
168	Telefónica Cybersecurity & Cloud Tech Perú S.A.C.	Lima	Peru
169	Telefónica del Perú S.A.A.	Lima	Peru

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
170	Telefónica Global Solutions Perú S.A.C.	Lima	Peru
171	Telefónica Ingeniería de Seguridad Perú S.A.C.	Lima	Peru
172	Telefónica IoT & Big Data Tech Perú, S.A.C.	Lima	Peru
173	Telefónica Learning Services Perú, S.A.C.	Lima	Peru
174	Telxius Cable Perú, S.A.C.	Lima	Peru
175	Terra Networks Perú S.A.C.	Lima	Peru
176	Wayra Peru Aceleradora de Proyectos S.A.C.	Lima	Peru
177	Telefónica Larga Distancia Puerto Rico, Inc.	San Juan	Puerto Rico
178	Telxius Cable Puerto Rico, Inc.	San Juan	Puerto Rico
179	Adatis Consulting Limited	Farnham	United Kingdom
180	Adatis Group Limited	Farnham	United Kingdom
181	Adatis Managed Services Limited	Farnham	United Kingdom
182	Incremental Group Holdings Limited	Glasgow	United Kingdom
183	Incremental Group Limited	Glasgow	United Kingdom
184	mmO2 Ltd.	Worthing	United Kingdom
185	O2 (Europe) Ltd.	Worthing	United Kingdom
186	O2 (UK) Ltd.	Worthing	United Kingdom
187	O2 International Holdings Ltd.	Worthing	United Kingdom
188	O2 Oak Ltd	Worthing	United Kingdom
189	O2 Pine Ltd.	Worthing	United Kingdom
190	O2 Willow Ltd.	Worthing	United Kingdom
191	O2 Worldwide Limited	Cambridge	United Kingdom
192	Perpetual Bidco Limited	Glasgow	United Kingdom
193	Perpetual Midco Limited	Glasgow	United Kingdom
194	Perpetual Topco Limited	Glasgow	United Kingdom
195	Redspire Limited	Wisborough Green	United Kingdom

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
196	Telefónica Digital Limited	Worthing	United Kingdom
197	Telefónica Germany Holdings Ltd.	Worthing	United Kingdom
198	Telefónica O2 Holdings Limited	Worthing	United Kingdom
199	Telefónica O2 UK Ltd.	Worthing	United Kingdom
200	Telefónica Tech Communication & Collaboration Limited	Wisborough Green	United Kingdom
201	Telefónica Tech Northern Ireland Holdings Limited	Belfast	United Kingdom
202	Telefónica Tech Northern Ireland Limited.	Belfast	United Kingdom
203	Telefónica Tech Ocean Limited	Wisborough Green	United Kingdom
204	Telefónica Tech UK & Ireland Limited	Wisborough Green	United Kingdom
205	Telefónica Tech UK Holdings Limited	Wisborough Green	United Kingdom
206	Telefónica Tech UK Limited	Wisborough Green	United Kingdom
207	Telefónica Tech UK Managed Services Limited	Wisborough Green	United Kingdom
208	Telefónica Tech UK TOG Limited	Wisborough Green	United Kingdom
209	Telefónica UK Holdings Ltd.	Worthing	United Kingdom
210	The Link Stores Ltd.	Worthing	United Kingdom
211	WAYRA UK Ltd.	Worthing	United Kingdom
212	Telxius Cable República Dominicana S.A.S.	Santo Domingo	Dominican Republic
213	BE-terna d.o.o. (Serbia)	Belgrad	Serbia
214	Telefónica Global Solutions Singapore Pte. Ltd.	Singapur	Singapur
215	BE-terna AB	Halmstad	Sweden
216	Telefónica Global Solutions Sweden AB	Stockholm	Sweden
217	BE-terna Automation AG	Zurich	Switzerland

NON-BINDING CONVENIENCE TRANSLATION OF THE ORIGINAL GERMAN VERSION

No.	Name	Seat	Country
218	BE-terna AG	Lucerne	Switzerland
219	Telefónica Móviles del Uruguay, S.A.	Montevideo	Uruguay
220	Telxius Cable América S.A.	Montevideo	Uruguay
221	Comtel Comunicaciones Telefónicas, S.A.	Caracas	Venezuela
222	Corporación 271191, C.A.	Caracas	Venezuela
223	Proyecto Wayra, C.A.	Caracas	Venezuela
224	Sistemas Timetrac, C.A.	Caracas	Venezuela
225	Telefónica Atención al Cliente C.A.	Caracas	Venezuela
226	Telefónica Servicios Transaccionales, C.A.	Caracas	Venezuela
227	Telefónica Venezolana C.A.	Caracas	Venezuela

Annex 3
Citi Fairness Opinion

December 13, 2023

The Management Board (*Vorstand*)
Telefónica Deutschland Holding AG
Georg-Brauchle-Ring 50
80992 Munich
Germany

Members of the Management Board:

You have requested our opinion as to the fairness, from a financial point of view, to the holders (other than Telefónica and Telefónica UK HoldCo (each defined below)) of the outstanding Shares (defined below) of Telefónica Deutschland Holding AG (“**Telefónica Deutschland**”) of the Offer Price (defined below) to be paid to such holders pursuant to the terms and subject to the conditions of the Offer (defined below) as set out in the offer document that was published on December 5, 2023 (the “**Offer Document**”) by Telefónica Local Services GmbH (the “**Bidder**”), a wholly-owned direct subsidiary of Telefónica, S.A. (“**Telefónica**”). As more fully described in the Offer Document, the Bidder has made a voluntary public acquisition offer (*Erwerbsangebot*) in the form of a partial offer (the “**Offer**”) pursuant to the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) (the “**Takeover Act**”) for up to a total of 550,882,742 outstanding registered no-par value shares of Telefónica Deutschland (each representing a pro rata amount of the registered share capital of Telefónica Deutschland of EUR 1.00 per share) listed on the regulated market with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (the “**Shares**”) against payment of a consideration of EUR 2.35 in cash for each Share (the “**Offer Price**”). As described therein, at the time of the publication of the Offer Document, Telefónica held, or had the right to acquire, Shares in Telefónica Deutschland, directly and indirectly through Telefónica Germany Holdings Limited (“**Telefónica UK HoldCo**”), representing an aggregate total of approximately 81.48% of the Shares.

In arriving at our opinion, we reviewed the Offer Document and a draft dated December 12, 2023 of the joint reasoned statement pursuant to section 27 of the Takeover Act by Telefónica Deutschland’s Management Board and Supervisory Board (the “**Joint Reasoned Statement**”). We held discussions with certain senior officers, directors and other representatives of Telefónica Deutschland concerning the business, operations and prospects of Telefónica Deutschland. We examined certain publicly available business and financial information relating to Telefónica Deutschland as well as certain financial forecasts and other information and data relating to Telefónica Deutschland, which were provided to or discussed with us by the management of Telefónica Deutschland, including the business plan for Telefónica Deutschland for the financial years 2024-2026, certain extrapolations therefrom for the financial years 2027-2028 and certain terminal year assumptions (together, the “**Financial Projections**”) as well as certain assumptions related to the carried forward tax losses of Telefónica Deutschland (together, the “**Tax Loss Assumptions**”), which the management of Telefónica Deutschland approved for our use for the purposes of our opinion. We reviewed the financial terms of the Offer as set forth in the Offer Document in relation to, among other things: current and historical market prices and trading volumes of the Shares; the historical and projected earnings and other operating data of Telefónica Deutschland; and the capitalization and financial condition of Telefónica Deutschland. We considered, to the extent publicly available, the financial terms of certain other transactions which we considered relevant in evaluating the Offer and analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations we considered relevant in evaluating those of Telefónica Deutschland. In addition to the foregoing, we conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as we deemed appropriate in arriving at our opinion. The issuance of our opinion has been authorized by our fairness opinion committee.

In rendering our opinion, we have assumed and relied, without independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and upon the assurances of the management of Telefónica Deutschland that they are not aware of any relevant information that has been omitted or that remains undisclosed to us. With respect to financial forecasts and other information and data relating to Telefónica Deutschland provided to or otherwise reviewed by or discussed with us (including the Financial Projections and the Tax Loss Assumptions), we have been advised by the management of Telefónica Deutschland that such forecasts and other information and data (including the Financial Projections and the Tax Loss Assumptions) were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Telefónica Deutschland as to the future financial performance of Telefónica Deutschland.

We have assumed, with your consent, that the Offer will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Offer, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Telefónica Deutschland or the Offer. We have not made or been provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Telefónica Deutschland nor have we made any physical inspection of the properties or assets of Telefónica Deutschland. We were not requested to, and we did not, solicit third party indications of interest in the possible acquisition of all or a part of Telefónica Deutschland, nor were we requested to consider, and our opinion does not address, the relative merits of the Offer as compared to any alternative business strategies that might exist for Telefónica Deutschland or the effect of any other transaction in which Telefónica Deutschland might engage. We also express no view as to, and our opinion does not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation to any officers, directors or employees of any parties to the Offer, or any class of such persons, relative to the Share Price. Our opinion is necessarily based upon information available to us, and financial, stock market and other conditions and circumstances existing, as of the date hereof, which conditions and circumstances may change in the future. Our opinion does not address any accounting, tax, regulatory or legal matters, including compliance of the Offer or the Offer Price with any requirements of the Takeover Act or other legal requirements. We are not expressing any opinion as to the prices at which the Shares will trade at any future time.

Citigroup Global Markets Europe AG has acted as financial advisor to Telefónica Deutschland in connection with, among other things, the Offer and will receive a fee for such services, a portion of which is contingent upon the consummation of the Offer. We also will receive a fee in connection with the delivery of this opinion. We and our affiliates in the past have provided, and currently provide, services to Telefónica and certain of its affiliates, including Telefónica Deutschland, unrelated to the Offer, for which services we and our affiliates have received and expect to receive compensation, including lending, debt capital markets, M&A financial advisory and liability management. In the ordinary course of our business, we and our affiliates may actively trade or hold the securities of Telefónica, Telefónica Deutschland or their respective affiliates for our own account or for the account of our customers and, accordingly, may at any time hold a long or short position in such securities. In addition, we and our affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Telefónica, Telefónica Deutschland and their respective affiliates.

Our advisory services and the opinion expressed herein are provided solely for the information of the Management Board of Telefónica Deutschland in their evaluation of the Offer, and our opinion is not intended to be and does not constitute a recommendation to any shareholder as to how such shareholder should act on any matters relating to the Offer and may not be relied upon by any third party or used for any other purpose. Neither our opinion nor the engagement letter underlying our opinion entered into between Telefónica Deutschland and us give rise to any rights of third parties. Our opinion may be annexed to, and published together with, the Joint Reasoned Statement, provided that the Joint Reasoned Statement does not deviate in any material respect from the draft we have reviewed. Otherwise, our opinion may not be quoted, referred to

or otherwise disclosed, in whole or in part, nor may any public reference to Citigroup Global Markets Europe AG be made, without our prior written consent. Neither our issuance of the opinion to the Management Board of Telefónica Deutschland, nor our consent to annex this opinion to the Joint Reasoned Statement shall permit any third party (including, without limitation, any shareholder of Telefónica Deutschland) to rely upon, or derive any rights from, and we shall not be liable to any third party in relation to, the opinion.

Our opinion does not constitute and is not intended to be, nor shall it be interpreted or considered as, a valuation report (*Wertgutachten*) as typically prepared by qualified auditors pursuant to German corporate law requirements (e.g., a company valuation pursuant to the Principles for the Performance of Business Valuations (IDW S1)) published by the Institute of Public Auditors in Germany (“IDW”), and an expression of fairness from a financial point of view differs in a number of material aspects from such valuation performed by an auditor and from accounting valuations generally. Also, our opinion has not been prepared in accordance with the Principles for the Preparation of Fairness Opinions (IDW S8) published by the IDW.

Based upon and subject to the foregoing, our experience as investment bankers, our work as described above and other factors we deemed relevant, we are of the opinion that, as of the date hereof, the Offer Price is fair, from a financial point of view, to the holders of Shares (other than Telefónica and Telefónica UK HoldCo).

Very truly yours,

Citigroup Global Markets Europe AG

CITIGROUP GLOBAL MARKETS EUROPE AG

Annex 4
Goldman Sachs Fairness Opinion



PERSONAL AND CONFIDENTIAL

12 December 2023

The Supervisory Board (*Aufsichtsrat*)
Telefónica Deutschland Holding AG
Georg-Brauchle-Ring 50
80992 Munich
Germany

Dear Members of the Board:

You have requested our opinion as to the fairness from a financial point of view to the holders (other than the Bidder (as defined below), the Significant Shareholder (as defined below) and any of their affiliates) of the outstanding non-par value registered shares (*auf den Namen lautende Stückaktien ohne Nennbetrag*), each with a notional value (*rechnerischer Anteil am Grundkapital*) of Euro 1.00 (each, a "Share" and together, the "Shares") of Telefónica Deutschland Holding AG (the "Company"), of the consideration of Euro 2.35 in cash for each Share tendered (the "Per Share Consideration") to be paid to such holders by Telefónica Local Services GmbH (the "Bidder") pursuant to the voluntary public partial acquisition offer regarding the acquisition of up to a total of 550,882,742 Shares (the "Acquisition Offer") in accordance with the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*) (the "Takeover Act") made by the Bidder in the offer document (*Angebotsunterlage*) published by the Bidder on December 5, 2023 in accordance with Section 14 paragraph 3 of the Takeover Act (the "Offer Document").

Goldman Sachs Bank Europe SE and its affiliates (collectively, "Goldman Sachs") are engaged in advisory, underwriting, lending, and financing, principal investing, sales and trading, research, investment management and other financial and non-financial activities and services for various persons and entities. Goldman Sachs and its employees, and funds or other entities they manage or in which they invest or have other economic interests or with which they co-invest, may at any time purchase, sell, hold or vote long or short positions and investments in securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments of the Company, the Bidder and any of their affiliates, including Telefónica S.A., the sole shareholder of the Bidder and indirect majority shareholder of the Company (the "Significant Shareholder"), and third parties, or any currency or commodity that may be involved in the Acquisition Offer. We have acted as financial advisor to the supervisory board (*Aufsichtsrat*) of the Company (the "Supervisory Board") in connection with its consideration of the Acquisition Offer and other matters pursuant to our engagement by the Supervisory Board. We expect to receive fees for our services in connection with our engagement, including advisory fees payable whether or not the Acquisition Offer is consummated and the Company has agreed to reimburse certain of our expenses arising, and indemnify us against certain liabilities that may arise, out of our engagement. We have provided certain financial advisory and/or underwriting services to the Significant Shareholder and/or its affiliates from time to time for which Goldman Sachs Investment Banking has received, and may receive, compensation, including having acted/acting as bookrunner with respect to the offering of the investment grade bond of Telefónica Emisiones S.A., a subsidiary of the Significant Shareholder, in November 2023 and as bookrunner with respect to the offering of the investment

grade bond of Telefónica Emisiones S.A.U., a subsidiary of the Significant Shareholder, in May 2022. We may also in the future provide financial advisory and/or underwriting services to the Company, the Bidder, the Significant Shareholder and their affiliates or third parties, for which Goldman Sachs Investment Banking may receive compensation.

In connection with this opinion, we have reviewed, among other things, a finalized draft of the joint reasoned statement of the management board (*Vorstand*) (the "Management Board") and the Supervisory Board of the Company (*Gemeinsame begründete Stellungnahme des Vorstands und des Aufsichtsrats*) prepared in accordance with Section 27 paragraph 1 of the Takeover Act in the form approved by the Management Board and the Supervisory Board; the Offer Document; the annual reports (*Geschäftsberichte*) of the Company (including the respective consolidated annual financial statements contained therein) for the five fiscal years ended 31 December 2022; certain interim reports from the Company; certain other communications from the Company and from the Significant Shareholder to their respective shareholders; certain publicly available research analyst reports for the Company; and certain internal financial analyses and forecasts for the Company prepared by its management on a stand-alone basis, as approved for our use by the Company (the "Forecasts"). We have also held discussions with members of the senior management of the Company regarding their assessment of the past and current business operations, financial condition and future prospects of the Company; reviewed the reported price and trading activity for the Shares; compared certain financial and stock market information for the Company with similar information for certain other companies the securities of which are publicly traded; reviewed the financial terms of certain recent public offer transactions in the German and European market; and performed such other studies and analyses, and considered such other factors, as we deemed appropriate.

For purposes of rendering this opinion, we have, with your consent, relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with, or reviewed by, us, without assuming any responsibility for independent verification thereof. In that regard, we have assumed with your consent that the Forecasts have been reasonably prepared and reflect the best currently available estimates and judgments of the Supervisory Board. We have not made an independent evaluation or appraisal of the assets and liabilities (including any tax, contingent, derivative or other off-balance-sheet assets and liabilities) of the Company, the Bidder, the Significant Shareholder and/or any of their affiliates, and we have not been furnished with any such evaluation or appraisal. We have assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Acquisition Offer will be obtained without any adverse effect on the Company or on the expected benefits of the Acquisition Offer in any way meaningful to our analysis. We have further assumed that the Acquisition Offer will be consummated on the terms set forth in the Offer Document, without the waiver or modification of any term or condition the effect of which would be in any way meaningful to our analysis.

Our opinion does not address the relative merits of the Acquisition Offer as compared to any strategic alternatives that may be available to the Company, nor does it address any legal, regulatory, tax or accounting matters. This opinion addresses only the fairness from a financial point of view to the holders (other than the Bidder, the Significant Shareholder and any of their affiliates) of Shares, as of the date hereof, of the Per Share Consideration to be paid to such holders in the Acquisition Offer pursuant to the Offer Document. We do not express any view on, and this opinion does not address, any other term or aspect of the Offer Document, the Acquisition Offer (including the mechanism of pro-rata allocation in the case of an oversubscription of the Acquisition Offer), or any term or aspect of any other agreement or instrument contemplated by them, or entered into, or amended in connection with them, or potentially pursued after the consummation of the Acquisition Offer, including any enterprise agreement (*Unternehmensvertrag*) (e.g., a domination and/or profit and loss transfer agreement (*Beherrschungs- und/oder Ergebnisabführungsvertrag*)), any potential squeeze-out transaction, any potential merger transaction in accordance with the German

Transformation Act (*Umwandlungsgesetz*), a delisting offer or any other integration measure involving the Company that may be entered into or taken, as applicable, by the Bidder, the Significant Shareholder or any of their affiliates subsequent to the completion of the Acquisition Offer, the fairness of the Acquisition Offer to, or any consideration received in connection therewith by, creditors, or other constituencies of the Company, nor as to the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of the Company, or class of such persons, in connection with the Acquisition Offer, whether relative to the Per Share Consideration to be paid to the holders (other than the Bidder, the Significant Shareholder and any of their affiliates) of Shares in the Acquisition Offer pursuant to the Offer Document or otherwise. In addition, we do not express any view on, and this opinion does not address any potential amendments of the Acquisition Offer or any future offer by the Bidder or any other person. We are not expressing any opinion as to the prices at which the Shares will trade at any time, or as to the potential effects of volatility in the credit, financial and stock markets on the Company, the Bidder, the Significant Shareholder or the Acquisition Offer, or as to the impact of the Acquisition Offer on the solvency or viability of the Company, the Bidder or the Significant Shareholder or the ability of the Company, the Bidder or the Significant Shareholder to pay their respective obligations when they come due. This opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to us as of, the date hereof and we assume no responsibility for updating, revising or reaffirming this opinion based on circumstances, developments or events occurring after the date hereof. Our advisory services and the opinion expressed herein are provided solely for the information and assistance of the Supervisory Board in connection with their consideration of the Acquisition Offer, and this opinion does not constitute a recommendation as to whether or not any holder of Shares should tender such Shares in connection with the Acquisition Offer or any other matter. This opinion has been approved by a fairness committee of Goldman Sachs.

This opinion is not, is not intended to be, and shall not be construed as, a valuation report (*Wertgutachten*) of the type typically rendered by qualified auditors (*Wirtschaftsprüfer*) or independent valuation experts under the requirements of the laws of Germany or any other applicable laws. Finally, this opinion has not been prepared in accordance with the standards and guidelines for valuation reports prepared by qualified auditors as set by the German Institute of Public Auditors (*Institut der Wirtschaftsprüfer in Deutschland e.V., IDW, "IDW"*). In particular, this opinion has neither been prepared in accordance with the standards and guidelines set forth by the IDW for the preparation of a company valuation (commonly referred to as *IDW S 1*) nor the standards and guidelines set forth by the IDW for the preparation of a fairness opinion (commonly referred to as *IDW S 8*). An opinion like this opinion pertaining solely as to whether a consideration is fair from a financial point of view differs in material respects from a valuation report or a fairness opinion prepared by qualified auditors or independent valuation experts, as well as from accounting valuations generally. In addition, we do not express any view on, and this opinion does not address, whether or not the terms and conditions of the Acquisition Offer are consistent with the requirements of the Takeover Act and the regulations promulgated thereunder, or comply with any other legal requirements.

Based upon and subject to the foregoing, it is our opinion that, as of the date hereof, the Per Share Consideration to be paid to the holders (other than the Bidder, the Significant Shareholder and any of their affiliates) of Shares in the Acquisition Offer pursuant to the Offer Document is fair from a financial point of view to such holders of Shares.

Telefónica Deutschland Holding AG
12 December 2023

Very truly yours,



Goldman Sachs Bank Europe SE
Name: Jens Hofmann
Title: Managing Director



Goldman Sachs Bank Europe SE
Name: Simon Barth
Title: Managing Director

Annex 5
Financing Confirmation

– NON-BINDING ENGLISH CONVENIENCE TRANSLATION –

Bank of America Europe DAC
Zweigniederlassung Frankfurt am Main
Taunusanlage 9-10
60329 Frankfurt am Main
business@bofa.com

Telefónica Local Services GmbH

- Management -

Adalperostraße 82-86

85737 Ismaning

04 December 2023

Confirmation pursuant to Section 13 para. 1 sentence 2 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*) of the partial simple acquisition offer (*freiwilliges öffentliches Teilerwerbsangebot*) of Telefónica Local Services GmbH to the shareholders of Telefónica Deutschland Holding AG for the acquisition of up to 550,882,742 shares in Telefónica Deutschland Holding AG against a cash consideration in the amount of EUR 2.35 per share in Telefónica Deutschland Holding AG

Ladies and Gentlemen,

Bank of America Europe DAC, Branch Frankfurt am Main, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 104800, is an investment services provider, independent from Telefónica Local Service GmbH, with its seat in Ismaning, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Munich under registration number HRB 287256, within the meaning of Section 13 para. 1 sentence 2 WpÜG.

Pursuant to Section 13 para. 1 sentence 2 WpÜG, we hereby confirm that Telefónica Local Service GmbH has taken the necessary measures to procure that it has at its disposal the necessary means to fully perform the aforementioned partial simple acquisition offer (*freiwilliges öffentliches Teilerwerbsangebot*), at the time the consideration will be due.

We consent to the publication of this letter in the offer document regarding the abovementioned partial simple acquisition offer in accordance with Section 11 para. 2 sentence 3 no. 4 WpÜG.

Yours sincerely,

**Bank of America Europe Designated Activity Company,
Zweigniederlassung Frankfurt am Main**