



Report of the Board of Management on agenda item 9

Report of the Board of Management in accordance with §§ 71 (1) no. 8 sentence 5, 186 (4) sentence 2 of the German Stock Corporation Act (Aktiengesetz – AktG) regarding the authorization of the Board of Management to acquire and use own shares with the option to exclude subscription rights and any rights to tender shares

Ordinary Shareholders' Meeting of Deutsche Telekom AG on April 9, 2025

The Board of Management is submitting the following written report detailing the reasons behind the proposed authorization in item 9 on the agenda of the ordinary Shareholders' Meeting convened for April 9, 2025, to acquire and use own shares with the option to exclude subscription rights and any rights to tender shares.

The authorization granted to the Board of Management by the Shareholders' Meeting on April 1, 2021 to acquire and use own shares is due to expire on March 31, 2026. The Company should also be able to acquire and use its own shares continually beyond March 31, 2026. Since it is not certain whether the 2026 ordinary Shareholder's Meeting will take place before the expiry of the existing authorization on March 31, 2026, the existing authorization should be replaced by a new authorization to ensure that a new resolution is adopted in good time.

Acquisition of own shares with the option to exclude any right to tender shares

The new authorization to acquire and use own shares is intended to enable the Board of Management to acquire own shares for every permitted purpose for a period of five years, i.e., up to and including April 8, 2030, in an amount of up to a total of 10 % of the capital stock existing at the time of the resolution or – in the event that the value is lower – at the time the authorization is exercised. This is designed to enable the Company to take full advantage of the statutory scope for such authorizations. The shares to be purchased on the basis of this authorization in conjunction with any other shares of the Company that the Company has already purchased and still possesses or are to be assigned to it under § 71a et seq. AktG may not, at any time, account for more than 10 % of the Company's capital stock in accordance with § 71 (2) sentence 1 AktG. The authorization may not be used for the purpose of trading in own shares.

In the interest of readability, no distinction has been made between male, female and non-binary. All personal designations apply equally to all genders.

*This document is a convenience translation of the German original.
In case of discrepancy between the English and German versions, the German version shall prevail.*



The Board of Management should be able to structure the repurchase of own shares flexibly. The own shares can initially be acquired via the stock exchange or via a multilateral trading facility within the meaning of § 2 (6) of the German Stock Exchange Act (Börsengesetz – BörsG) by means of a purchase offer addressed to all shareholders, or by means of a solicitation of an offer to buy aimed at all shareholders. Instead of a cash payment, the Company should also be able to offer other listed shares as consideration for an exchange, which may be an attractive alternative for shareholders to a purchase offer addressed to all shareholders. It offers the Company additional courses of action so that it can take advantage of the optimal structure for a share buyback, which is also in the interest of the shareholders. Finally, other acquisition channels are possible, although the principle of equal treatment under § 53a AktG must also be complied with in this case.

In the case of a public purchase offer, a public invitation to submit offers to sell, or a public exchange offer, it may happen that the number of shares of the Company tendered or offered by shareholders for purchase or exchange exceeds the acquisition volume planned by the Company. In this case, an allotment must be made based on quotas. If this happens, it should be possible to designate the preferential acceptance of small tenders or small portions of tenders of up to a maximum of one hundred shares. This option is designed on the one hand to avoid having small residual amounts of shares, which tend to be uneconomical and may lead to de facto discrimination against small shareholders. This option also helps simplify the technical aspects of the purchase process. Furthermore, it should be possible to apply rounding in accordance with commercial principles in order to avoid fractions of shares. This option, too, serves to simplify technical settlement. In all other respects, the acquisition will not be based on the ratio of the ownership interests, but rather on the ratio of the shares tendered. This, too, serves to simplify the acquisition process. The Board of Management considers the exclusion of any further rights of tender of the shareholders under this resolution to be objectively justified and reasonable towards shareholders.

Use of own shares

The own shares purchased on the basis of the authorization of the Shareholders' Meeting on April 9, 2025 may, in addition to a sale via the stock exchange or by means of an offer to all shareholders in proportion to their ownership interest, be used for all other legally permitted purposes, in particular for the purposes explained in the following. These options on the use of the own shares may also be exercised with respect to own shares that were or are acquired on the basis of earlier authorizing resolutions in accordance with § 71 (1) no. 8 AktG or for other reasons. It is advantageous and creates additional flexibility to allow the use of these own shares in the same way as the shares acquired on the basis of this authorizing resolution.

Retiring shares

The proposed resolution contains an authorization for the Board of Management to retire own shares without a further resolution by the Shareholders' Meeting. This authorization allows the Company to react appropriately and flexibly to the applicable capital market situation. The proposed authorization also allows the Board of Management to retire the shares without a capital decrease in accordance with



§ 237 (3) no. 3 AktG. In accordance with § 8 (3) AktG, retiring shares without a capital decrease increases the proportionate interest of the remaining shares in the Company's capital stock.

Sale of shares against cash payment

With the Supervisory Board's agreement, the own shares acquired by the Company may also be sold by the Board of Management without a purchase offer addressed to all shareholders at a price that is not significantly lower than the market price of Company shares of equal ranking at the time of sale. This authorization makes use of the ability to exercise the simplified exclusion of subscription rights permitted under § 71 (1) no. 8 AktG in accordance with § 186 (3) sentence 4 AktG, with the necessary modifications. This serves the interests of the Company in achieving the best possible price in the sale of its own shares. It enables the Company to take advantage of the opportunities offered by the relevant market price quickly, flexibly, and cost-effectively as they arise. The sale proceeds achievable by setting a market-driven price generally lead to a significantly higher inflow of funds per share sold than in the case of a share placement with subscription rights for the shareholders, in which discounts on the market price are generally not insignificant. By dispensing with the settlement of subscription rights, which is a time-consuming, expensive process, the equity required can also be furnished in a timely manner through market opportunities that arise at short notice. Finally, the authorization can also help to access new investor groups. The concept of protecting shareholders from dilution is reflected by the fact that the shares may only be sold at a price that is not significantly lower than the applicable market price. The selling price for the own shares will be finalized shortly before they are sold. The Board of Management will thereby endeavor – taking account of the current market situation – to keep any discount on the market price as low as possible. In principle, interested shareholders have the option of maintaining their relative interest by acquiring further shares of the Company on the stock exchange.

In the event of the sale of shares against cash payment, the shares sold subject to the exclusion of subscription rights in accordance with § 186 (3) sentence 4 AktG may not, in the aggregate, exceed a proportionate interest of 10 % of the capital stock, neither at the time when this authorization becomes effective nor – in the event that the value is lower – at the time when this authorization is exercised. The proposed resolution also includes a set-off clause: To be counted towards this upper limit of 10 % of the capital stock are Company shares that (i) are issued or sold during the term of this authorization while excluding shareholders' subscription rights in accordance with § 186 (3) sentence 4 AktG or (ii) are issued or to be issued to service any bonds with conversion or option rights/conversion or option obligations, provided that these bonds are issued under § 186 (3) sentence 4 AktG during the term of this authorization, while excluding the subscription rights. The above-mentioned set-off against the upper limit shall cease to apply following its reduction when a new authorization to exclude shareholders' subscription rights granted by the Shareholders' Meeting in accordance with or corresponding to § 186 (3) sentence 4 AktG comes into effect, to the extent that the new authorization is sufficient, but up to a maximum 10 % of the capital stock in accordance with the provisions contained in sentence 1 of this paragraph. This is because in this case or in these cases, the Shareholders' Meeting has the opportunity to decide again on the simplified exclusion of subscription rights that has led to the set-off, such that the reason for the set-off no longer applies. When the new authorization for simplified exclusion of subscription rights comes into force, the block on the authorization to use own shares without subscription rights for shareholders that resulted from the use of the relevant authorization will no longer apply. In light of



the identical majority requirements for such a resolution, the renewed authorization to exclude subscription rights – to the extent that the legal requirements are met – must also be seen as confirmation of this authorizing resolution. In the event of a renewed exercise of an authorization to exclude subscription rights in direct or corresponding application of § 186 (3) sentence 4 AktG, the set-off will be applied again.

Sale of shares against contributions in kind

The Board of Management will also be given the option, with the agreement of the Supervisory Board, to sell own shares excluding shareholders' subscription rights in return for contributions in kind. This will enable the Company to offer own shares in appropriate individual cases, either directly or indirectly, as consideration, in particular in connection with the acquisition of companies, parts of companies, or interests in companies, including top-ups, or other assets, including receivables from the Company or its Group companies. The Company must be able to respond quickly and flexibly in a competitive business environment. The option to offer own shares as consideration in negotiations instead of cash offers an advantage when competing for attractive acquisition targets. It also ensures the necessary room for maneuver so that the Company can make use of acquisition opportunities quickly and flexibly while preserving liquidity. Consideration in the form of shares can also make sense from the perspective of optimizing the financing structure. The Board of Management will carefully review whether to exercise the authorization to grant own shares as soon as the corresponding plans materialize and decide on the need to grant shares and the valuation in each individual case, taking into consideration the interests of the Company in the specific measure. In doing so, the Board of Management will ensure that the interests of the Company and its shareholders are appropriately safeguarded when determining the valuation ratio. When determining the value of the shares to be offered as consideration, the Board of Management will generally consider Deutsche Telekom AG's market price, although no automatic link is planned to avoid prejudicing the outcome of negotiations that are in the Company's interests due to price fluctuations.

Fulfillment of conversion or option rights or obligations

In addition, in accordance with the authorization of the Board of Management excluding shareholders' subscription rights, the own shares may be used to fulfill obligations and hedge acquisition obligations or rights concerning shares of the Company, particularly convertible bonds, bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) issued by the Company or its associated companies in accordance with §§ 15 et seq. AktG. It may be expedient, for example, to use own shares as an alternative to new shares from a capital increase in order to settle conversion or option rights or conversion or option obligations. The authorization therefore includes such a (widespread) option for using own shares. Shareholders' subscription rights to the shares in question must be excluded.



Issuance of shares under share-based remuneration systems or employee share schemes

Own shares may also be used in connection with share-based remuneration systems or employee share schemes. This avoids the expense associated with a capital increase and the listing of new shares. The issuance of own shares to members of the Board of Management of Deutsche Telekom AG or members of the governing body of an associated company as defined in §§ 15 et seq. AktG, or to current or former employees of Deutsche Telekom AG or an associated company, while excluding the subscription rights of shareholders to a specific group or specific persons, serves to strengthen the identification of these persons with Deutsche Telekom AG and the Deutsche Telekom Group. This aims to encourage the above-mentioned persons to commit themselves to the Deutsche Telekom Group and, as shareholders, to participate in the long-term development of the Deutsche Telekom Group in order to promote their willingness to assume responsibility. This is in the interest of Deutsche Telekom AG and its shareholders. The details of the terms and conditions of the various employee share schemes and share-based systems, such as benefits up to and including the issuance of shares free of charge, can be defined differently in each case, taking into account the interests of the Company and its shareholders, and must also comply with the relevant national legislation for such programs, which varies worldwide.

Exclusion of subscription rights

Shareholders' subscription rights to the Company's own shares are excluded to the extent that these shares are used as described above (with the exception of the retirement of shares).

The authorization also allows the Board of Management, with the agreement of the Supervisory Board, to partially exclude shareholders' subscription rights in favor of the creditors of bonds and/or profit participation rights with conversion or option rights or a conversion or option obligation when using own shares. This allows the Company to grant the holders of existing conversion or option rights or the creditors of bonds with conversion or option obligations a subscription right to shares as protection against dilution instead of reducing the conversion or option price. The higher inflow of funds thereby achieved is in the interest of the Company and its shareholders. Furthermore, it is intended that, with the agreement of the Supervisory Board, the subscription right to fractional amounts can be excluded in order to facilitate settlement.

The total amount of shares sold under the exclusion of subscription rights in exchange for cash and/or contributions in kind, taking into account other shares of the Company (i) that are issued or sold during the term of this authorization under the exclusion of subscription rights from other authorizations or (ii) that are issued or will be issued to settle bonds with conversion or option rights or with conversion or option obligations, provided that these bonds were issued during the term of this authorization, excluding shareholders' subscription rights, do not exceed a proportionate amount of 10 % of the capital stock, either at the time the resolution is adopted or – in the event that the value is lower – at the time this authorization is exercised. The reduced upper limit, as per the previous sentence of this paragraph, will be increased again following its reduction when a new authorization to exclude shareholders' subscription rights granted by the Shareholders' Meeting comes into effect, to the extent that the new authorization is



sufficient, but up to a maximum 10 % of the capital stock in accordance with the provisions contained in sentence 1 of this paragraph. This is because in this case, the Shareholders' Meeting has the opportunity to decide again on the exclusion of subscription rights that led to the set-off, such that the reason for the set-off no longer applies. When the new authorization for exclusion of subscription rights comes into force, the block on the authorization to use own shares without subscription rights for shareholders that resulted from the use of the relevant authorization will no longer apply. In light of the identical majority requirements for such a resolution, the renewed authorization to exclude subscription rights – to the extent that the legal requirements are met – must also be seen as confirmation of this authorizing resolution. In the event of a renewed exercise of an authorization to exclude subscription rights in direct or corresponding application of § 186 (3) sentence 4 AktG, the set-off will be applied again.

Bonn, February 2025

Deutsche Telekom AG
The Board of Management

sgd. Timotheus Höttges

sgd. Dr. Ferri Abolhassan sgd. Birgit Bohle

sgd. Srinivasa Gopalan

sgd. Dr. Christian P. Illek

sgd. Thorsten Langheim sgd. Dominique Leroy

sgd. Claudia Nemat