Telefónica

RESULTS 2026 Q2

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Summary

Mr. Marc Murtra
Chairman & CEO

Strong execution drives consistent and resilient growth and adj. OpCFaL guidance upgrade

Building momentum, with strong execution and delivery against our strategic roadmap

Accelerated growth (constant y-o-y) in **adj. EBITDA, adj. OpCFaL at Group, Spain and Brazil.** In **Germany,** continued adj. EBITDA growth ex 1&1

Fostered efficiency gains (redundancy, AI, automation, channel management, legacy shutdown, tech and operational excellence) and **strict cost control**

Continuing commercial traction leveraging network leadership. Spain, 12 consecutive Qs of net adds in main services, Brazil value access growth, Germany O2 contract churn at low level

FCF of €611m (+€278m q-o-q). Back-end loaded FCF, accelerating in H2

Further deleveraging to 2.68x, reducing net financial debt to €25.3bn

Upgraded adjusted OpCFaL guidance to over 3% on operating leverage improvement. **On track to fulfill 2026 guidance in all other metrics**

Metric	2026 Guidance	H1 26	
Revenue [1] @ constant	1.5%-2.5%	+0.4%	On track
Adj. EBITDA [1,2] @ constant	1.5%-2.5%	+2.3%	✓
Adj. OpCFaL [1,2] @ constant	Over 2%	+2.7%	**Upgrade to Over 3%**
CapEx ex spectrum **/Revenue** @ constant	12%	11.6%	✓
FCF [3]	~€3.0bn	€944m	On track
Dividend [4]	€0.15/share	Jun-27 (€0.15)	✓
Leverage	Declining towards 2028 target	2.68x	On track

1) Constant: assumes constant FX (average FX H1 25), constant perimeter and excludes the contribution to growth from Venezuela
2) Adjusted figures consider constant perimeter and derived capital gains/losses and do not include restructuring costs, write-offs and material non-recurring impacts
3) FCF for Guidance includes reported FCF from continuing operations and excludes non-recurring spectrum payments, employee commitments and VMO2 dividends
4) Dividend payable in cash in June of the following year.

Consistent execution of Transform & Grow plan in Q2

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- **Accesses** +5% y-o-y
- **NPS score 34** (+1 p.p y-o-y)
- **Brazil** and **Spain:** record low churn
- **UK:** New Consumer unit launched

2 EXPAND B2C OFFERING

- **B2C** revenue (+1.4% y-o-y constant)
- **Spain**[1]**:** Movistar Plus Plan *Libre Cine y Series* and Movistar *Fast Pass* launched
- **Brazil**[2]**:** Complimentary offer *Gemini AI Plus* and *YouTube Premium*
- **Germany:** O_2 Mobile Plus convergent bundles
- **UK:** O2 Satellite to iPhone/Pixel**,** Monzo MVNO

3 SCALE B2B

- **Solid B2B** (revenue +6.7% y-o-y constant)
- **Spain:** Google Cloud sovereign cloud
- **Expanded partnerships: Brazil:** Ecovias, **Germany:** EWE/Deichmann

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- **Extending our fibre footprint** (76.6m PP, +7% y-o-y) and **5G cov.** (83%, +6 p.p. y-o-y core markets)
- **European sovereignty:** Spain AI Gigafactory consortium participation**;** 17 Edge nodes completed in Spain
- **Legacy shutdown. Spain:** 3G shutdown planning started. **Germany:** 2G in H2 28; **UK:** 2G starting in summer 29

5 SIMPLIFY OPERATING MODEL

- **Redundancies savings** in Spain and Global Units on track
- **Germany:** operational/strategic reorganisation announced
- Ongoing benefits from copper shut-down in **Brazil**
- **Network and operational excellence**, incl. energy and network asset management

6 DEVELOP TALENT

- **Implementing an impact-based culture and maintaining >70 eNPS**

1) "Movistar Plus Plan Libre Cine y Series" (movies and TV Series for €4.99/month, designed for fiction enthusiasts seeking flexible and affordable access to a broad catalogue of original series, international productions, movies, documentaries and more than 70 entertainment channels) and "Movistar Fast Pass" (a differentiated mobile connectivity service designed for high user density)
2) Offering up to 12 months of Gemini AI Plus and 400 GB cloud storage. Vivo's hybrid and postpaid customers can subscribe to YouTube Premium

Telefónica

Operating Business

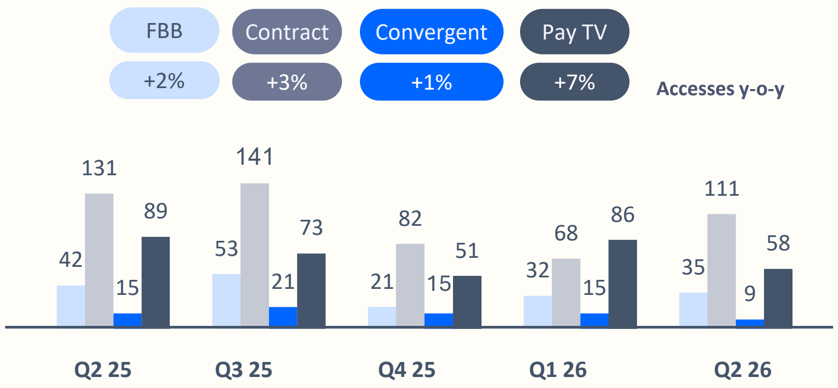
Mr. Emilio Gayo
COO

Spain: Steady operational momentum accelerating financial growth

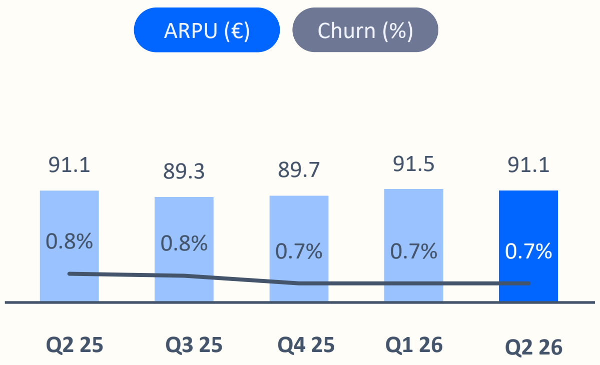
- **Sound commercial results, delivering excellence**
  - Higher net adds q-o-q (FBB and contract)
  - Record-low convergent churn (0.7%)
  - Portability ratios above the 2025 average
- **Accelerated revenue growth**
  - Service Rev (+2.9% y-o-y; +1.2 p.p. q-o-q)
  - Larger customer base and growing ARPU
  - B2C ecosystem growing contribution
  - B2B digital services solid growth
- **Ramped-up in adj. EBITDA and adj. OpCFaL**
  - Restructuring savings since Mar-26
  - Tough comps, copper switch off (May-25)
  - Adj. EBITDAaL (+2.7% y-o-y; +0.7 p.p. q-o-q)
- **Enhanced network with contained CapEx**
  - 11% CapEx/Revenue H1 (-0.1 p.p. y-o-y)
  - Upgrade XGS-PON, 5G, Edge nodes
- **Sustainable "water cycle" management**

Leading-Edge network fully deployed
(17 nodes activated)
Consortium to bid for AI Gigafactory in Spain
(to present offer in H2)

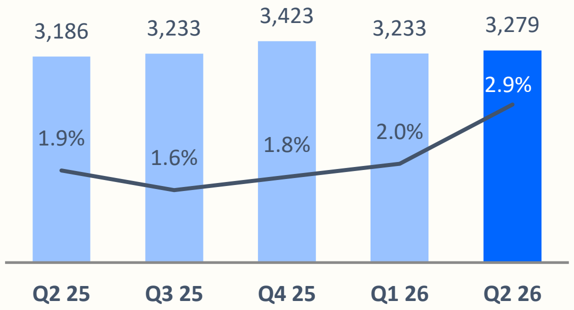
Net adds (k)



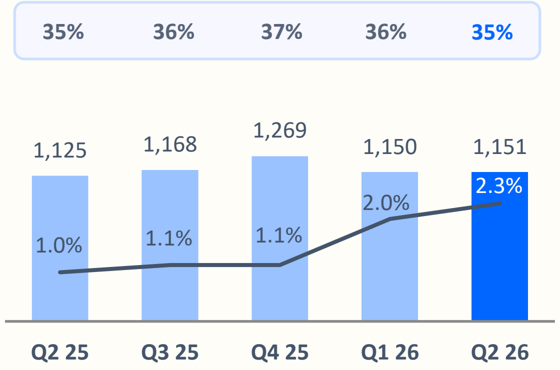
Convergent KPIs



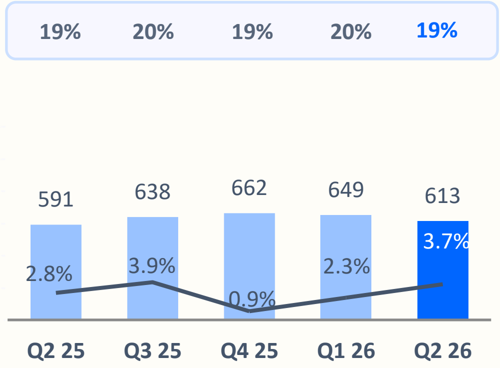
Revenue



Adj. EBITDA & margin



Adj. OpCFaL & margin



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Brazil: Delivering strong operational and financial growth

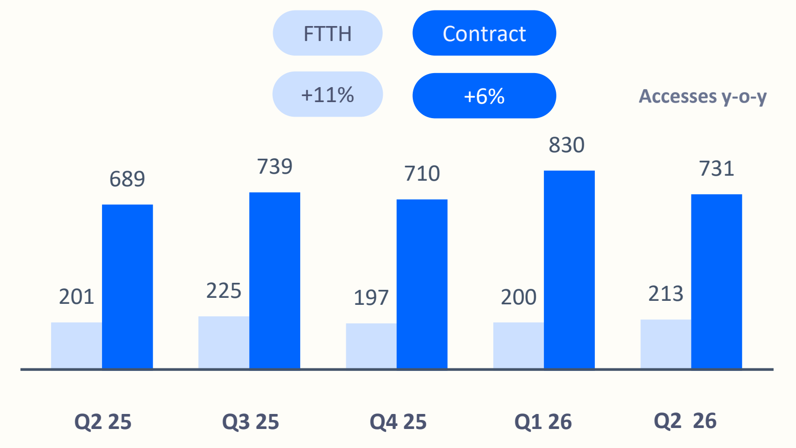
- **Expanding customer lifetime value**
  - Mobile: ARPU +5.7% y-o-y & low churn
  - 27m mobile accesses use 5G network
  - FTTH: improving ARPU & churn q-o-q
- **Broad portfolio on new digital businesses**
  - Reinforcing our position with Gemini & Youtube
  - B2C Ecosystem: Consumer Electronics (+63.8%); Health & Wellness (+58.2%) in LTM
  - B2B digital services: Cloud (+20.9%) & Digital solutions (+20.2%) in LTM

- **Financial y-o-y acceleration in € terms**
  - H1 26 +4.5% BRL appreciation vs. Euro
- **Ramped-up in revenue growth, above inflation**
- **Adj. EBITDA & adj. OpCFaL accelerating y-o-y**
  - Higher copper sales
  - Adj. EBITDAaL accelerated to +12.0%
  - H1 26 CapEx/Revenue 14.9%
- **ESG:** best Co in the TMT sector by Exame for the 3rd consecutive year

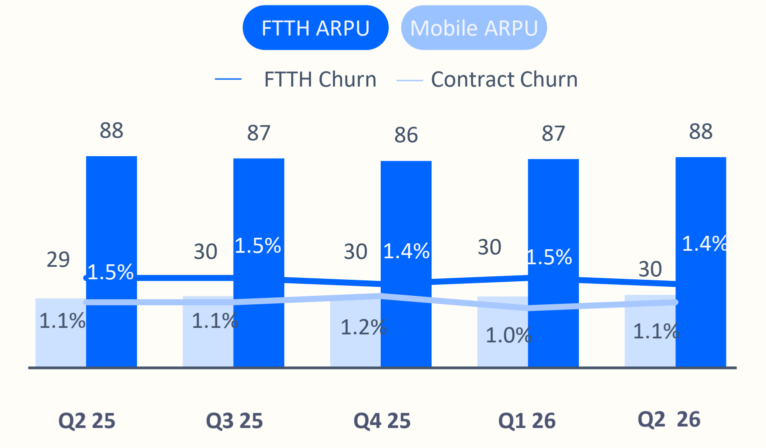
Impacts from migration to Authorisation

(Q2 26 +€34m; H1 26 +€48m)

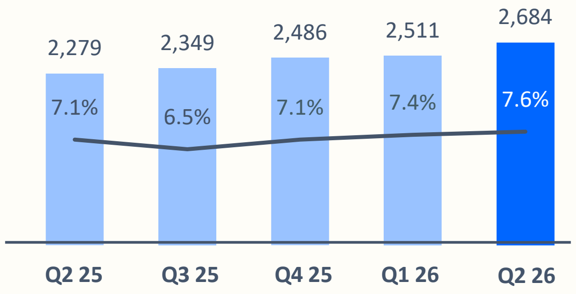
Net adds (k)



KPIs (local currency)

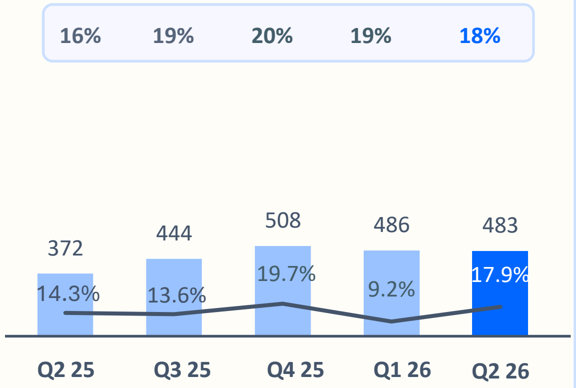


Revenue



Adj. EBITDA & margin

Adj. OpCFaL & margin



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Germany: Focus on value-over-volume; 1&1 effects to annualise in H2 26

- **Value-over-volume focus**
  - Launch of O_2 Mobile Plus bundles (June); minimum bundle price €30
  - Sustained trading momentum in FBB
  - Enhancing partnerships in B2B & B2P
- **Network quality**
  - Expanding coverage and capacity
  - Enhanced 5G partnerships with EWE

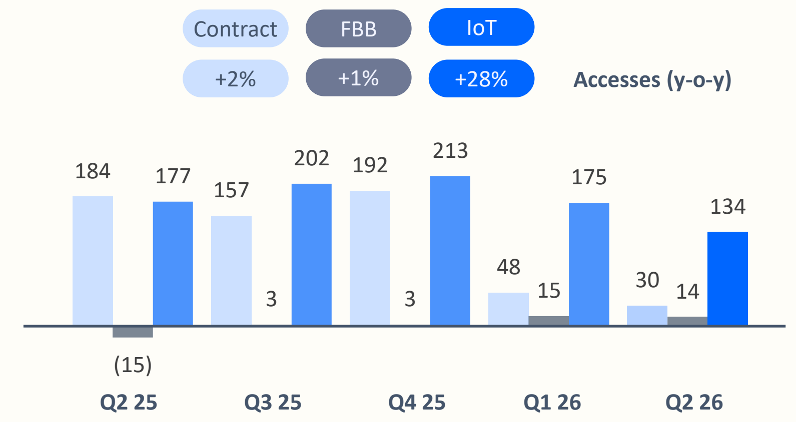
- **Underlying resilience, ex 1&1**
  - 1&1 migration weigh on financials
  - Handset sales reflect less potential in selective channels and value focus
  - Accelerated fixed revenue growth +6.5% (Q1: +4.1%) on improved value-mix
  - +1.4 p.p. adj. EBITDA margin y-o-y
- **ESG:** Legacy 2G network switch-off in H2 28

Business model transformation

Voluntary leaver programme: 2026 ~1.1k FTEs + ~60 own shops closure

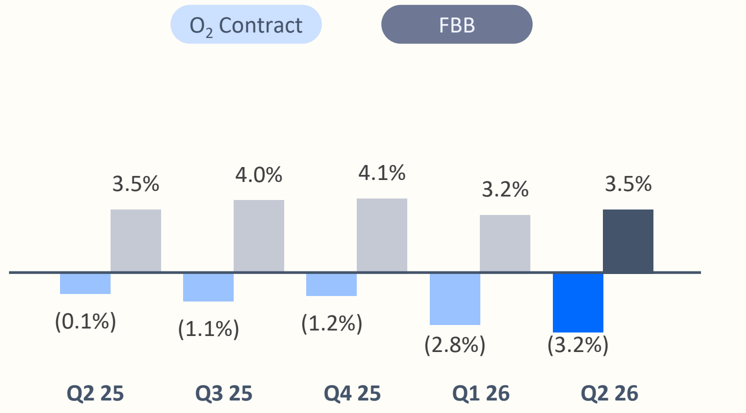
Further rightsizing until 2028 to be defined

Net adds (k)

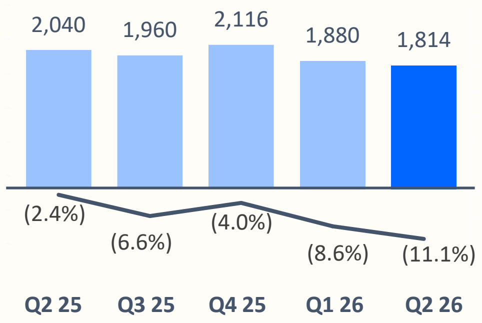


Net adds exclude 3rd party MNO-accesses

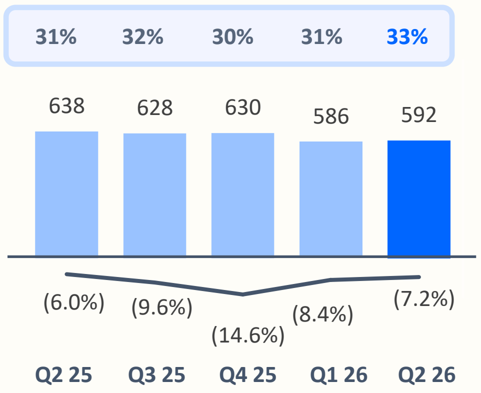
ARPU (y-o-y)



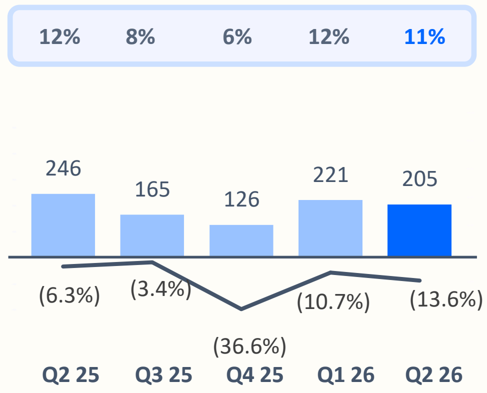
Revenue



Adj. EBITDA & margin



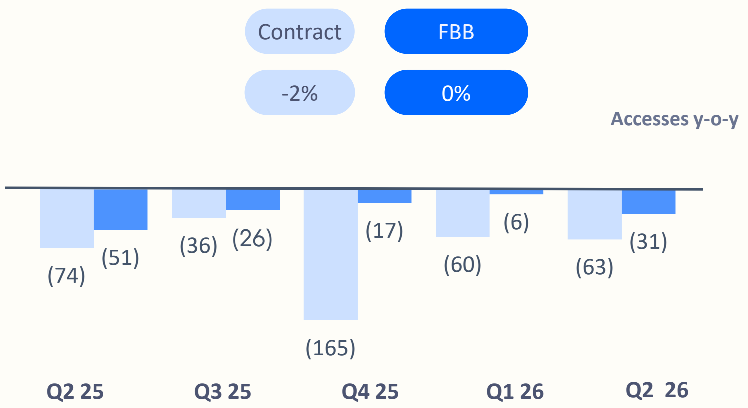
Adj. OpCFaL & margin



VMO2: Executing the plan to drive future value

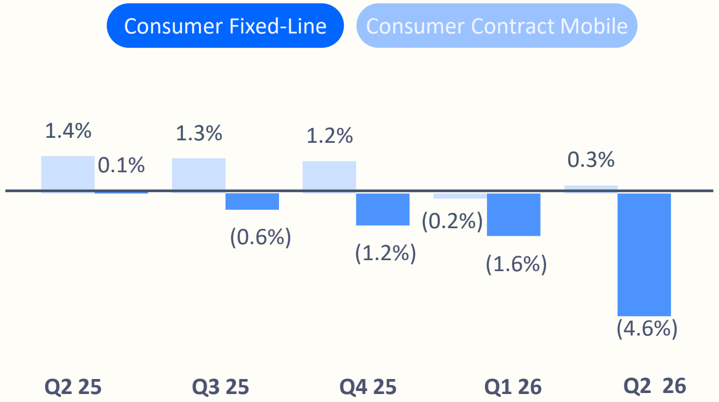
- **New MNVO deal: Monzo** expands our wholesale mobile leadership
- **New O2 Business brand:** merging VMO2's robust national network infrastructure with Daisy's specialised expertise
- **Fixed footprint**: 18.8m UBB PPs
- **#1 5G+ outdoor population coverage**
- **Trading improved in fixed and mobile** (y-o-y)
  - Consumer fixed ARPU affected by competition; stable in mobile

Net adds (k)



Q1 26 net adds excludes the impact of adjustments made to accesses which had no impact on revenue

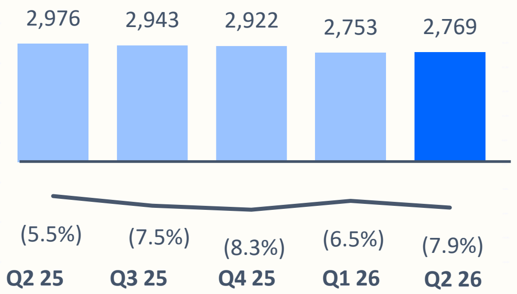
ARPU (local currency)



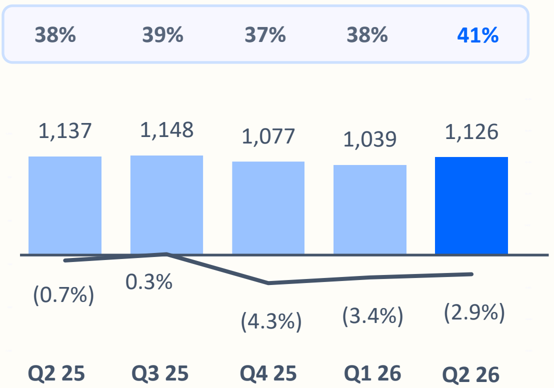
- **Revenue affected by network construction**
  - Service rev. -3.9% (consumer fixed & B2B portfolio streamlined)
  - Consumer: -5.0% (targeted retention in a highly competitive market)
  - Business: -8.7% (streamlined portfolio)
  - Wholesale service: +5.4% due to MVNO
- **Adj. EBITDA:** at the top end guidance range
- **Adj. OpCFaL:** phasing of network investment

ESG: New Responsible Business Plan

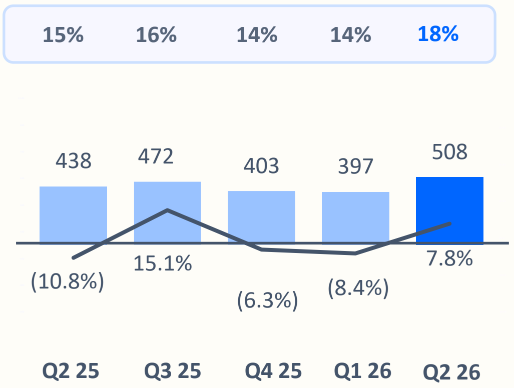
Revenue



Adj. EBITDA & margin



Adj. OpCFaL & margin



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Financials / ESG

Mr. Juan Azcue
CFO

Financial performance: Third Q in a row of constant and current growth in key KPIs

€ in millions	H1 26 Current	H1 26 Current y-o-y	H1 26 Constant y-o-y	Q2 26 Current	Q2 26 Current y-o-y	Q2 26 Constant y-o-y
Revenue	**16,392**	**1.7%**	**0.4%**	**8,265**	**3.0%**	**0.0%**
Service revenue	15,038	2.4%	1.0%	7,634	4.0%	0.9%
B2C revenue	9,693	3.4%	1.4%	4,885	5.6%	1.4%
B2B revenue	3,954	7.4%	6.2%	2,022	9.5%	6.7%
Wholesale & Others	2,744	-10.2%	-9.9%	1,358	-12.4%	-12.3%
Adj. EBITDA	**5,768**	**3.8%**	**2.3%**	**2,933**	**6.4%**	**2.7%**
Adj. OpCFaL	**2,654**	**4.0%**	**2.7%**	**1,279**	**6.7%**	**2.9%**
CapEx ex-spectrum **/ Revenue**	**11.6%**	**0.0 p.p.**	**(0.1 p.p.)**	**12.6%**	**0.1.p.p.**	**0.1.p.p.**
FCF	**944**	**(35.1%)**		**611**	**(29.9%)**	
Net Financial Debt	**25.278**	**(8.4%)**				
Adj. EPS (continuing operations)	**0.15**	**(23.8%)**		**0.07**	**(22.7%)**	

Accelerated current growth rates

Steady growth of service rev. (Q2 y-o-y +0.9% constant)

- Revenue reflects handset sales weakness in Germany (-26.2%)

Good B2C and B2B strength

- B2B a solid driver, improving growth

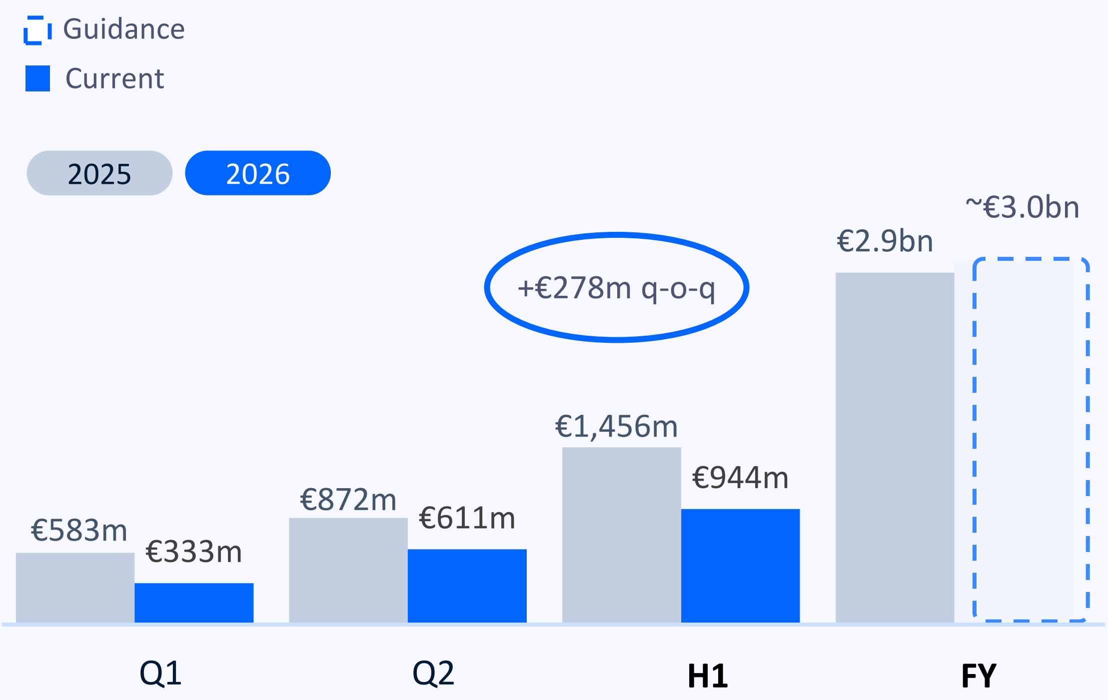
Strong operating **leverage** (constant y-o-y)

- Adj. OpCFaL margin +0.4 p.p. both in Q2 and H1

Constant: assumes constant FX (average FX H1 25), constant perimeter and excludes the contribution to growth from Venezuela
Adjusted figures consider constant perimeter and derived capital gains/losses and do not include restructuring costs, write-offs and material non-recurring impacts
CapEx: assumes CapEx ex-spectrum

Confident in FCF trajectory, improvement in Q2

FCF evolution



Q2 performance

- +€278m q-o-q mainly on improved WC
- -€261m y-o-y primarily due to WC

FCF on track, 2026 guidance reaffirmed

- FCF phasing fully aligned through H2 26; back-end loaded consistent with usual seasonality

De-risked and growing FCF

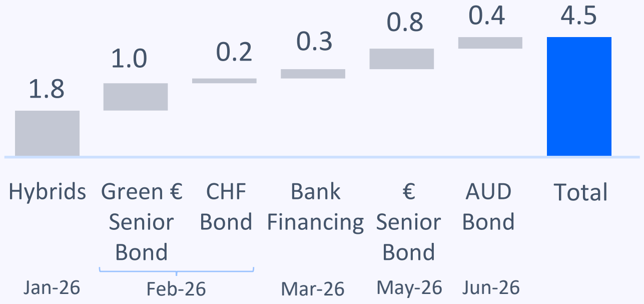
- Adjusted OpCFaL growth gaining traction
- More predictable FCF and less volatile
- Further acceleration in H2
- Financial discipline on all lines below adjusted OpCFaL

Leverage reduction, sound liquidity and lower interest costs

Net Financial Debt

Financing activity

2026 YTD (€bn)



Solid liquidity position

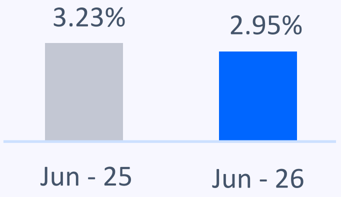
Jun-26

€17.4bn
Liquidity Cushion

- Cash €7.3bn
- RCFs €5.9bn
- Bilateral credit lines: €4.2bn

Total debt interest payment cost

ex. leases



Highlights

- Leverage reduction in Q2 to 2.68x
- Further deleverage in 2026 towards 2.5x target in 2028
- Committed to investment grade credit rating
- Proactive financing activity to achieve best timing and derisk access to markets
- Comfortable liquidity position
- Reduced interest cost related payments

(1) Total FCF (continuing and discontinued operations) including spectrum payments.

Continued progress across the sustainability pillars

New Sustainability Plan 2026-2030

Delivering value across four dimensions: growth, efficiency, investment attraction and risk mitigation

12 workstreams with 2030 targets to accelerate Transform & Grow, integrating ESG as a driver of innovation and competitiveness

Environmental

Powering the green transition for a better future

Social

Powering a more digital and inclusive society that supports greater wellbeing

Governance

Powering trust in a digital world

	Environmental	Social	Governance
New/reinforced 2030 targets	**100% Renewable**: **PPAs cover 50%** of electricity needs **>5k critical assets** with individualised climate risk assessment	**B2C:** Enhance customers` digital well-being and expand rural coverage **B2B:** Delivering the best portfolio of products for sustainability	**>95% high-risk suppliers assessed** Maintain the commitment to **sustainable financing** **Ethical and responsible AI** and leadership in digital trust
Q2 26	**Updated Climate Action Plan** towards net zero (July-26) **62% recycled content** in new router (Germany); **advanced smart water metering** project (Spain)	Free calls and Wi-Fi, communications recovery and **humanitarian support to Venezuela** **€78bn socio-economic contribution** in 2025 (May-26)	**Code of Ethics & Conduct updated** with new training **Awards for fiscal & sustainability reporting**

Continue to lead in ratings

Included in Dow Jones Best-In-Class Europe Index, CDP Supplier A List and Europe's Best Employers 2026 (FT & Statista)

Key takeaways

Mr. Marc Murtra
Chairman & CEO

Key takeaways: Another quarter of progress

Continued momentum yielding results on consistent and focused execution of Transform & Grow strategy

Ongoing growth in constant and current at Group level. Accelerated growth trends in adjusted EBITDA, adjusted OpCFaL and expansion of operating leverage

Extended investments in leading networks, enhancing customer experience and commercial traction

Strong momentum and accelerated financial performance in Spain and Brazil. Germany executing strategic transformation

Improved and de-risked FCF generation, with H2 acceleration

2026 adj. OpCFaL guidance upgraded

Results presentation and Q&A Session

Calendar

Telefónica's management will host a webcast on 29 July at 10:00 AM (CEST), 9:00 AM (BST), and 4:00 AM (EDT)

Participants from Telefónica

- Marc Murtra l CEO
- Emilio Gayo l COO
- Juan Azcue l CFO
- Borja Ochoa l CEO T. Spain
- Santiago Argelich l CEO T. Germany
- Lutz Schüler l CEO Virgin Media O2
- Torsten Achtmann l Global Director of Investor Relations

Webcast

- To access the webcast: click here
- The webcast replay will be available on Telefónica IR's website after the event

Q&A Session

- To participate in the Q&A session, please register using the following link to receive the dial in and PIN details: click here.

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Bloomberg	CDP	FTSE4Good	ISS ESG	Sustainalytics ESG	World Benchmarking Alliance
Bloomberg ESG Score **#3 in sector**	CDP **Climate A List 2025**	2025 **Top Quartile Telco Industry**	ISS ESG Corporate Rating **#1 in sector**	Sustainalytics ESG **Top Quartile Telco Industry 2025**	Digital Inclusion Benchmark, Social Benchmark and Ranking Digital Rights **1st company worldwide 2026**

For further information, please contact:
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