



RESULTS 2026

Q1



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The financial information related to January-March 2026 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. The management of the Group uses a series of APM in its decision-making, in addition to those expressly defined in the IFRS, as they provide additional information useful to assess the Group's performance, solvency and liquidity. These measures should not be viewed separately or as a substitute for the measures presented according to the IFRS (see the Appendix "Alternative performance measures").

Telefónica's management model, regional and integrated, means that the legal structure of the companies is not relevant for the release of Group financial information, and therefore, the operating results of each of these business units are presented independently, regardless of their legal structure. For the purpose of presenting information on a business unit basis, revenue and expenses arising from invoicing among companies within Telefónica's perimeter of consolidation for the use of the brand and management contracts have been excluded from the operating results for each business unit. This breakdown of the results does not affect Telefónica's consolidated earnings.

The English language translation of the consolidated financial results originally issued in Spanish has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation, certain omissions or approximations may subsist. Telefónica, its representatives and employees decline all responsibility in this regard. In the event of a discrepancy, the Spanish-language version prevails.

Link to detailed financial and operational data: click [here](#).

Results presentation

The management will host a presentation to discuss the results at 10:00am CEST on 14th May 2026

For more information, please contact:

Torsten Achtmann (torsten.achtmann@telefonica.com); Isabel Beltrán (i.beltran@telefonica.com); ir@telefonica.com;
Phone: +34 91 482 87 00

<https://www.telefonica.com/en/shareholders-investors/>

Telefónica Q1 2026 Financial Results

14th May 2026

Encouraging execution of our Transform & Grow plan

Highlights

- **Deliver best-in-class customer experience and evolve technological capabilities** (y-o-y)
 - Total accesses +5% (297.9m). More satisfied and engaged customers, with a solid NPS score of 34
 - Fibre continued expansion to 74.9m PPs (+6%), 81% 5G coverage in core markets (+6 p.p.)
 - Ensure focus product innovation through advance network evolution and deploy AI in operations and processes
- **Steady growth** (Telefónica Group y-o-y constant)
 - Second quarter of growth in constant and current
 - Revenue growth +0.8%, with service revenue growth accelerating sequentially to +1.1%
 - +1.5% B2C revenue underpinned by the growth in Spain and Brazil. Continue development of ecosystem services
 - Solid B2B revenue (+5.7%) with growth across Spain, Brazil and Germany
 - Adjusted EBITDA +1.8% on efficiencies (workforce reduction, leaner operations and simplified operational model)
 - Adjusted OpCFaL +2.4%. Margin up +0.3 p.p. to 17.0%
 - Appropriate CapEx/Revenue to deliver growth, 10.7%
- **Commercial and underlying financial performance remain solid in our core markets** (y-o-y constant)
 - Spain; sequential growth acceleration across the board (revenue +2.0%, service rev. +1.7%, adjusted EBITDA +2.0%, adjusted OpCFaL +2.3%). Best ever churn (0.7%)
 - Brazil; accelerated growth trends in revenue (+7.4%); adjusted EBITDA +8.7%. Adjusted OpCFaL +9.2%. Record ever mobile ARPU. Convergence gaining commercial traction (VIVO Total clients +32.6%)
 - Germany; trading focused on profitable growth and network quality. Adjusted EBITDA contained its decline to -8.4%, but still weighing the effect of 1&1 customer migration, annualising along FY 26 while peaking in Q1
 - VMO2; further momentum in stabilization of the fixed base. Financials performance rates within guided range
- **Reduction in net financial debt and leverage ratio**
 - Steady deleveraging vs. Dec-25, -€1.5bn and -0.06x in Q1 to €25.3bn and 2.72x as of March
 - FCF (€333m) affected by usual seasonality in WC
- **On track to meet 2026 guidance. Committed with FCF**
 - Performance in the first quarter fully in line with management expectations (FCF and CapEx phasing)
 - Confirmed €0.15 dividend per share in cash
 - Progressing on priorities laid out at our CMD to continue delivering shareholder value
- **Another step in our complete exit from Hispam**
 - Sold T. Argentina, T. del Perú, T. Uruguay, T. Ecuador, T. Colombia and T. Chile
 - T. Hispam reached an agreement the 7th of April for the sale to Melisa Acquisition LLC, of Telefónica Mexico (firm value of USD450m) and is subject to certain closing conditions, including the relevant regulatory approvals

Unless stated otherwise, CapEx excludes spectrum

Constant: assumes constant FX (average FX in Q1 25 and excluding the contribution to growth from Venezuela) and assumes adjusted figures (constant perimeter and derived capital gains/losses, and does not include restructuring costs, write-offs and material non-recurring impacts).

FCF from continuing operations excludes spectrum payments, at current FX

Emilio Gayo, Chief Operating Officer of Telefónica

“We delivered solid Q1 results to start into our Transform & Grow plan. We want to transform the Company comprehensively, being more focused, efficient and profitable in a context marked by uncertainty, geopolitical volatility and the emergence of the AI. Moreover, we will execute the priorities we set for 2026 that will drive the next phase of growth. In Hispam, we announced the sale of T. Mexico, completing almost our exit of the region.

Q1 numbers reflect continued and consistent execution based on our strong business fundamentals, appropriate levels of investments and our high-quality and unmatched network, jointly with an elevated customer experience. This is combined with our financial discipline, having reduced the net debt significantly in the quarter.

So, we have had a good start of the year, growing in revenue, adjusted EBITDA and adjusted OpCFaL. CapEx and FCF reflecting their usual Q1 seasonality and back-end loaded profile but are aligned with expectations. As such, we are well on track to meet our 2026 financial guidance and I am pleased to confirm our dividend for 2026”

Outlook

2026 guidance (constant¹)

- **Revenue 1.5-2.5% growth** y-o-y (Q1 26 +0.8%)
- **Adjusted EBITDA 1.5-2.5% growth** y-o-y (Q1 26 +1.8%)
- **Adjusted OpCFaL over 2%** y-o-y (Q1 26 +2.4%)
- **CapEx/Revenue ~12%** (Q1 26 10.7%)
- **FCF ~€3.0bn** (Q1 26 €333m)
- **Leverage decline towards 2028 target** (Mar-26 2.72x)
- **2026 dividend of €0.15** per share **in cash** to be paid in June 2027 confirmed. For this payment, the adoption of the corresponding corporate resolutions will be proposed in due course
- **The second tranche of the 2025 dividend** of €0.15 per share in cash to be paid the 18th June, 2026

As announced in the last Capital Markets Day (4/11/2025), Telefónica strategic guidelines up to 2028 (mid-term) and 2030 (long-term) of the Transform & Grow framework are the following (constant¹):

- **Revenue CAGR of 1.5-2.5%** for **2025-2028**, accelerating to **2.5-3.5% CAGR** for **2028-2030**
- **Adjusted EBITDA CAGR of 1.5-2.5%** for **2025-2028** and accelerating to **2.5-3.5%** for **2028-2030**
- **Adjusted OpCFaL CAGR of 1.5%-2.5%** for **2025-2028** and accelerating to **2.5-3.5%** for **2028-2030**
- **CapEx/Revenue down to ~12% 2026-28**
- **FCF CAGR 3%-5% for 2025-2028**
- **Leverage ratio** (Net Debt / EBITDAaL) in **2028** of **~2.5x**
- The **target remuneration for 2027 and 2028** will be based on a 40-60% payout of FCF base for dividend², to be paid in June of the following year. For these, the adoption of the corresponding corporate resolutions will be proposed in due course

¹ Criteria for 2026 guidance: assumes constant FX (average in 2025), excludes the contribution to growth from Venezuela, considers constant perimeter and derived capital gains/losses, and does not include restructuring costs, write-offs and material non-recurring impacts. CapEx ex-spectrum. FCF from continuing operations excludes spectrum payments, at current FX.

² FCF base for dividend calculated as FCF for guidance including employee commitments and VMO2 dividends.

Telefónica Group Main KPIs

	Q1 26		
	(€m)	y-o-y % Chg	Constant y-o-y % Chg
Revenue	8,127	0.4	0.8
Adj. EBITDA	2,836	1.3	1.8
Adj. OpCFaL	1,375	1.6	2.4
CapEx ex spectrum / Revenue	10.7%		(0.2) p.p.
FCF from continuing operations	333	(42.9)	
Net Financial Debt	25,342	(6.3)	
Adj. Net Income from continuing operations	482	(21.5)	

	Q1 26 (€m)	y-o-y % Chg	Constant y-o-y % Chg
Revenue	8,127	0.4	0.8
Telefónica España	3,233	2.0	2.0
Telefónica Brasil	2,511	7.4	7.4
Telefónica Deutschland	1,880	(8.6)	(8.6)
Other companies & eliminations	503	(4.8)	0.5
Adj. EBITDA	2,836	1.3	1.8
Telefónica España	1,150	2.0	2.0
Telefónica Brasil	1,047	8.7	8.7
Telefónica Deutschland	586	(8.4)	(8.4)
Other companies & eliminations	52	(24.3)	(1.1)
Adj. EBITDAaL	2,242	0.4	1.1
Telefónica España	987	2.0	2.0
Telefónica Brasil	818	9.4	9.4
Telefónica Deutschland	388	(13.9)	(13.9)
Other companies & eliminations	48	(27.6)	(3.3)
CapEx	866	(1.4)	(1.0)
Telefónica España	338	1.3	1.3
Telefónica Brasil	333	9.6	9.6
Telefónica Deutschland	167	(17.7)	(17.7)
Other companies & eliminations	28	(26.4)	(15.9)
Spectrum	—	—	—
Adj. OpCFaL	1,375	1.6	2.4
Telefónica España	649	2.3	2.3
Telefónica Brasil	486	9.2	9.2
Telefónica Deutschland	221	(10.7)	(10.7)
Other companies & eliminations	20	(29.3)	13.8

	Mar 26 (thousands)	y-o-y % Chg
Total Accesses	297,898	5.3
o/ w FTTH	13,988	8.6
o/ w Contract	102,923	(4.7)
o/ w Pay TV	7,325	0.4
o/ w Wholesale	22,240	4.9

Adjusted/Constant. The reconciliation between current, adjusted and constant figures is included in the Selected Financial data published for the period

Operational, infrastructure and IT performance

Total accesses reached 297.9m as of Mar-26, +5% y-o-y boosted by FTTH accesses (+9% y-o-y).

We are the **global leader in fibre**, offering the best carrier solution for the next 50 years (XGS-PON ready), with 162.7m UBB PPs, +1% y-o-y. Out of these, 74.9m are FTTH PPs (+6% y-o-y), including 21.5m PPs from our FibreCos (+3% y-o-y). **5G coverage** was at 95% in Spain, 98% in Germany, 70% in Brazil, and 87% in the UK as of March.

At the MWC 26 relevant projects leveraged in Telefónica's large technological capabilities and expertise were presented. Consolidating our 5G expertise, in partnership with the Spanish Ministry of Defence, we launched the **5G Cyber Defense Center**, the only 5G testing facility in Europe that will be integrated into NATO Digital Foundry. We participated with our own 5G solutions in more than 15 tests and we are a pioneer in the deployment of 5G tactical bubbles in all domains: land, sea and cyberspace. Besides, we announced a major milestone for European digital infrastructure, **the first pan-European federated Edge Continuum**, along with the other 4 largest European telcos, enabling seamless deployment of applications across their combined European footprint. In addition, a collaboration with *Satellite Connect Europe* was announced and aims at evaluating **direct-to-device satellite** as a complement to mobile networks across Europe and to explore integration models and use cases.

We progress steadily along our roadmap through the **Autonomous Network Journey (ANJ) program** to raise the global average of autonomy for 2028 (Level 3.75) and 2030 (Level 4.0). 12 Level 4 use cases are already in full operation acting autonomously. In 2026 we focus on consolidating the use of AI as a core driver of our transformation, initiating the adoption of architectures based on *Agentic AI*. This evolution towards AI driven and Zero Touch capabilities, position network autonomy as a strategic lever to deliver sustainable efficiency gains, enhanced operational resilience, and long-term value creation across the organization, reducing operational costs, and protecting revenues.

In **Spain**, the network efficiency and resilience were strengthened through the deployment of a robust real time *Observability* environment, accelerating incident diagnosis, prioritization on real impacts and incident and field force management operations.

In **Germany**, the mobile network gains autonomy becoming more autonomous thanks to *GenAI* capabilities, which improve the consistency of operational data and the service quality while accelerating incident diagnosis and resolution.

Finally, in **Brazil**, the *CorrelAxis project*, leveraging intelligent data analysis, allowed to reduce field interventions by 6%, as the algorithm identifies root causes and detects failure patterns within the transport network.

Following the experience of Spain, the **retail copper network switch-off in Brazil** is progressing. Additionally, the progress in the shutdown of legacy is focused on legacy mobile networks, especially 3G, progressing in the UK and starting in Spain.

After the 4% **reduction in energy consumption** in 2025 despite traffic growth (+25% y-o-y), the Group strengthened initiatives such as optimizing the demand of RAN, consolidating Data Centers, replacing obsolete equipment and switching-off the legacy. All towards the goal to **reduce energy consumption per unit of traffic by 95% by 2030** since 2015 and to achieve **net-zero emissions by 2040**. For 2026, 75% of the energy consumption in our main markets is price hedged, thereby limiting the potential impact of energy inflation.

Financial performance

Income Statement

Group consolidated results include the deconsolidation of Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at March 31, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

FX moves had a limited negative impact in Q1 26 (revenue -€11m and adjusted EBITDA -€3m). On FCF from continuing operations was just -€3m. At net debt, the FX impact increased it by €185m (€373m plus leases) due to the Brazilian reais appreciation since Dec-25.

Revenue grew 0.4% y-o-y to €8,127m in Q1 26, with FX dragging just -0.1 p.p. In constant terms, revenue grew +0.8%, driven by +1.1% y-o-y increase in service revenue, partially offsetting by -2.4% decrease in handset sales.

B2C revenue grew 1.5% vs. Q1 25 in constant terms (€4,808m, 59% of total) underpinned by a network leadership and, expanding ecosystem, key levers to deliver an excellent service experience while improving loyalty and customer value.

B2B revenue up in Q1 26 by 5.7% y-o-y in constant terms (€1,932m, 24% of total) driven by a high single digit growth in Spain, Brazil and Germany. Both Corporate and SME revenue increased (+6.8% y-o-y and 3.2% y-o-y respectively). Main growth driver was digital services revenue, with high single digit growth, and already accounting for 48% of total B2B revenue.

Wholesale & Partners and Others revenue fell 7.4% y-o-y in Q1 in constant terms (€1,387m, 17% of total) due to the impact of the transformation of the partner business in Germany.

Other income reached €287m in Q1 26 vs. €362m in Q1 25. In constant terms, grew +7.7% y-o-y since in Q1 25 included €96m capital gain related with the sale of 20% stake in Nabiax (data centre business).

Operating expenses decreased by 0.5% y-o-y to €5,575m in Q1 26. In constant terms, OpEx grew +0.7% y-o-y.

Impairments and losses on disposal of assets totalled €3m in Q1 26 (vs. €8m in Q1 25).

Earnings before depreciation and amortisation (adjusted EBITDA) increased 1.3% vs. Q1 25 to €2,836m. In constant terms, grew +1.8% y-o-y mainly driven by Brazil and Spain.

Adjusted EBITDA margin at 34.9% in Q1 26 (0.4 p.p. y-o-y constant).

Adjusted EBITDAaL: rose 0.4% y-o-y to €2,242m in Q1 26. In constant terms, increased by 1.1%.

Depreciation and amortisation: €1,721m in Q1 26, in line vs. Q1 25.

Share of profit of investments accounted for by the equity method: amounted to -€35m in Q1 26, 69.3% better vs. Q1 25 (-€114m), mainly reflecting VMO2's results, which were positively affected by a change in fair value of derivatives.

Net financial expenses amounted to €438m in Q1 26 and increased vs. Q1 25 (€282m) as debt-related savings are not compensating higher non-recurrent charges.

Corporate tax expenses amounted to €189m in Q1 26, aligned with the previous year.

Profit attributable to minorities from continuing operations: up 15.7% vs. Q1 25 to €67m mainly due to higher profit from minority interests of Brasil.

Net income from continuing operations amounted to €386m in Q1 26 with **earnings per share** of €0.05 (€492m and €0.08 in Q1 25). In adjusted terms, net income amounted to €482m in Q1 26 (-21.5% y-o-y), with EPS of €0.07 (-24.9% y-o-y) after excluding -€96m of others impacts.

Profit from discontinued operations of -€807m in Q1 26. **Minorities from discontinued operations** was -€9m in Q1 26. This resulted in **net income from discontinued operations** of -€798m (EPS of -€0.14).

Free Cash Flow

Q1 26 **adjusted OpCF** increased 2.5% y-o-y to €1,969m and **adjusted OpCFal** +1.6% to €1,375m. Constant, **OpCF** grew +3.1% and **OpCFal** +2.4%.

CapEx declined -1.4% y-o-y to €866m in Q1 26 (-1.0% constant). **CapEx/Revenue** fell 0.2 p.p. vs. Q1 25 to 10.7% constant.

Leases rose 4.7% y-o-y to €594m in Q1 26 mainly due to 5G roll out and inflation impact.

Working capital variation consumed €443m in Q1 26, due to seasonality impacts (mainly CapEx and personnel payments) and the impact from leases accruals vs. payments. Working capital consumption was €336m higher compared to Q1 25 mainly driven by the CapEx seasonality, influenced by subsidies collections.

Interest payments totaled €483m in Q1 26 and increased 2.5% y-o-y due to temporary effect of hybrid coupons related to liability management in this quarter. The effective cost of debt related interest payments (L12M) decreased to 2.81% as of Mar-26 (Mar-25: 3.30%).

Tax payments amounted to €111m in Q1 26, lower than that of the previous year, mainly driven by exchange rate effects.

Dividends paid to minority shareholders were €4m in Q1 26 (€8m in Q1 25).

Free cash flow from continuing operations reached €333m in Q1 26 (€583m in Q1 25).

Pre-retirement commitments amounted €292m in Q1 26 (€228m in Q1 25).

Free cash flow for dividend reached €41m in Q1 26 (€355m in Q1 25).

Free cash flow from discontinued operations: -€515m in Q1 26 (-€748m in Q1 25), included Chile, Colombia and Mexico FCF.

Total free cash flow amounted to -€474m in Q1 26 (-€393m in Q1 25).

Funding and financing

Net financial debt decreased vs. Dec-25 by €1.5bn in Q1 to €25,342m as of Mar-26, due to net financial divestments of €2.3bn mainly due to T. Colombia and T. Chile sales. Factors that increased debt were negative total free cash flow generation of €571m (including spectrum payments), shareholder remuneration of €136m and other net factors of €148m highlighting higher value in euro from debt denominated in Brazilian reais.

Lease liabilities amounted €8,013m as of Mar-26, 1.2% in Q1 26, mainly due to higher ROU additions than principal payments, partially offset by sales in Hispam. Net financial debt including lease liabilities amounted to €33,355m as of Mar-26.

Financing activities in Q1 26 included:

In Q1 26, Telefónica Group raised long term financing by €3,278m and VMO2 raised €2,386m equivalent.

- In Jan-26, T. Emisiones launched a €1,750m green hybrid bond (two tranches; €900m (5.25 years reset date) and €850m (8.25 years reset date). The Company launched a tender offer for the purchase of existing hybrid bonds with first reset dates in Sep-26, May-27 and Nov-28. T. Europe B.V. accepted the purchase in an aggregate principal amount of €1,538m. On Feb-26, we have exercised the option to redeem the €212m outstanding of the hybrids with first non-call dates in Sep-26 and Nov-28
- In Feb-26, Telefónica Emisiones closed the issuance of a senior bond in the Swiss franc market of CHF170m (8 years maturity and 1.5075% annual coupon) and T. Emisiones closed a €1,000m green bond (7.25 years maturity)
- In Mar-26, after receipt of the required regulatory approvals and fulfilment of all conditions precedent, the €300m syndicated financing entered into by Compañía Mayorista de Fibra S.L. (FiberPass) in Nov-25, with a maturity in Mar-31, became available

Telefónica financing activity has allowed to maintain a solid liquidity position of €17,739m (€10,047m of undrawn committed credit lines; €9,281m maturing over 12M). As of Mar-26, the average debt life stood at 11.4 years.

Telefónica and its holding companies continued their issuance activity under the Promissory Notes and Commercial Paper Programmes (Domestic and European), maintaining an outstanding notional balance of €1,100m as of Mar-26.

Sustainability performance

Telefónica embeds sustainability to boost competitiveness and resilience.

“E” Environmental: Building a greener future

- **Enhanced efficiency and resilience:** the energy consumption per traffic unit ratio has improved by 92% compared to 2015, moving closer to the 95% target for 2030.
- **Digitalisation for carbon transition:** >19Mt CO₂e avoided in 2025 by our customers in Spain, Brazil and Germany through our connectivity and Eco Smart services.

“S” Social: Helping society thrive

- **Bridging the digital divide:** 1m people connected in the UK over three years through free data, devices and improved rural connectivity.
- **Supporting & attracting talent:** a pioneering programme launched by Fundación Telefónica with 150 scholarships (PhD & Master's), until 2028, aimed at specialisation in key areas such as AI, advanced computing and cybersecurity amongst others.

“G” Governance: Leading by example

- **Balanced and diverse Board:** 47% women and 67% independent members (40% and 60%, respectively, in Dec- 25).
- **Fiscal Transparency report published:** €7.5bn paid in taxes globally in 2025.

Telefónica achieved strong ESG recognition, entering the **Corporate Knights Global 100** for the first time and remaining included in **S&P Sustainability Yearbook 2026**.

TELEFÓNICA ESPAÑA

(y-o-y changes in constant terms)

40% of total Telefónica Q1 26 constant revenue

40% of total Telefónica Q1 26 constant adjusted EBITDA

Key messages

- Excellent digital experience enhanced with new value-added services
- Strong commercial momentum and convergent churn at a historic low
- Acceleration of revenue growth and improved profitability driven by efficiencies

Telefónica España begins 2026 maintaining the firm progress of its access base and enhancing customer value, which translates into an acceleration of y-o-y growth across its main financial indicators.

With a rational, high-value proposition, the update of B2C segment tariffs was implemented on January 13th, 2026. In addition, the WiFi 7 router was launched in February, and in March the functionality that blocks spam calls for Movistar and O2 customers was introduced. The B2B segment was strengthened with new solutions in resilience (*Titán Connect*), cybersecurity (*Future SOC*), and defence (Mission-Critical Dome), as well as in technological sovereignty (*Euro-3C project*).

Sustainability is an integral part of the value proposition: in B2C with the WiFi 7 router manufactured with 70% recycled materials and optimized energy consumption, and in B2B, with *T_Space* a pioneering end-to-end remote drone service in Spain, key for wildfire prevention and natural emergency management, operating on the most secure network.

Operational performance

Total accesses increase by +2% y-o-y, excluding IoT accesses, which quadruple due to the sale of vehicle beacons. The strong commercial traction of recent quarters continues, with notable growth in broadband fixed accesses (+32k, +2% y-o-y), TV (+86k, accelerating to +8%, the highest in 8 years), and the mobile contract base (+68k ex IoT, +3%), which exceeds 16m accesses for the first time.

The quality of the **convergent offering** and strong competitive positioning have reduced churn to a historic low (0.7%, -0.2 p.p. y-o-y) and accelerated customer growth (+1.4% y-o-y, +0.2 p.p. vs. Q4 25), after adding 15k customers in Q1. All this despite the tariff update, which contributes to the sequential improvement in ARPU to €91.5 (€89.7 in Q4 25).

T. España has an **FTTH network** covering 31.4m PPs, including those of the FiberCos, Bluevía (Vauban/CAA 45%, T. Infra 25%, T. España 30%) with 5.4m PPs and FiberPass (AXA 40%, T. España 30%, T. Infra 25% and Vodafone 5%) 4.0m PPs.

Financial performance

Revenue in Q1 26 accelerated to +2.0% y-o-y (+0.2 p.p. vs. Q4 25), with strong growth in **service revenue** (+1.7%, +0.8 p.p. vs. Q4 25) and growth in handset sales (+6.9%, -11 p.p. vs. Q4 25).

Retail revenue grew +2.2% y-o-y (-0.3 p.p. vs. Q4 25), supported by the larger customer base, price updates, and the sale of B2B digital services and B2C digital ecosystem services. Wholesale and Other revenue improved sequentially in y-o-y performance (-0.8%, +5.6 p.p. vs. Q4 25), due to the non-linearity of Other revenue, despite Wholesale continuing to be affected by new agreements that ensure long-term sustainability.

Adjusted EBITDA in Q1 26 increased +2.0% y-o-y (+0.8 p.p. vs. Q4 25), above service revenue growth, thanks to the increase in retail revenue and the initial savings from the restructuring plan agreed in 2025 (departures from March 1st, 2026). As a result, **adjusted EBITDAaL** accelerated growth (+2.0% y-o-y; +1.6 p.p. vs. Q4 25), reflecting higher stabilization in leases. EBITDA and EBITDAaL margins stand at 35.6% and 30.5%, respectively (both stable y-o-y).

Adjusted OpCFaL grew +2.3% y-o-y, with a margin over revenues above 20% (stable y-o-y), driven by the growth of adjusted EBITDAaL and **CapEx** discipline (+1.3% y-o-y; 10.5% of revenue).

TELEFÓNICA BRASIL

(y-o-y changes in constant terms)

31% of total Telefónica Q1 26 constant revenue

37% of total Telefónica Q1 26 constant adjusted EBITDA

Key Messages

- Value commercial growth: Vivo Total (+33%), contract (+6%) FTTH (+11%), increasing life time value
- Accelerated revenue growth to 7.4% y-o-y with both business growing above inflation
- Adjusted EBITDA growth improved to +8.7% y-o-y with margin expansion (+0.5 p.p.)

Operating performance

One year after the agreement between Telefónica Brasil and Anatel for the migration from the concession to the authorization regime, we continued to make consistent progress in the transformation of the businesses, having converted more than 200k copper customers to fiber, increasing customer lifetime value and NPS. The capture of R\$4.5bn in synergies is beginning to gain traction in 2026; 10% of the total was already captured in the first year (since April 2025).

In **mobile**, contract accesses maintained its consistent growth (+6% y-o-y) with net adds +0.8m in Q1 26 (highest net adds in 5 quarters) thanks to the ongoing migration from prepaid and new customer acquisition. Contract churn remained very low (1.0%, -0.1 p.p. y-o-y). In prepaid, the positive trend continued with ARPU +11.0% y-o-y thanks to the increase in recharge frequency. The 5G adoption is progressing, with more than 25m accesses having a 5G device (+41.1% y-o-y). Mobile ARPU up +6% vs. Q1 25 reaching its highest level ever.

In **fixed**, FTTH PPs reached 31.5m as of March (+1.8m y-o-y) with 8.0m connected (+11.5% y-o-y) while churn remained at 1.5%. **FiBrasil** (Telefónica Infra 25% and Telefónica Brasil 75%) connected 151 municipalities with high-quality fibre (4.4m PPs in 22 states).

Vivo Total (joint FTTH + mobile offer) totaled 3.6m clients (+33% y-o-y) with a customer ARPU of R\$228 (+1% y-o-y), €37.

In **sustainability**, we drive progress by joining the “Amazon Impact” and “+Water” initiatives of the UN Global Compact, Brazil Network. It has also been strengthened employee wellbeing through Hospital Púrpura, a 24/7 healthcare programme supporting over 32,000 employees and 50,000 family members.

Financial performance

Revenue accelerated in Q1 26 y-o-y to +7.4% (+0.4 p.p. vs. Q4 25) and also grew in euro terms (+7.4% in current terms). In the mobile business, MSR grew +6.6% y-o-y thanks to the consistent growth in contract (+8.1% y-o-y) and a reduction in the y-o-y drop in prepaid (-0.1%). Handset sales increased +26.6% y-o-y. Fixed business increased +5.1% y-o-y underpinned by FTTH (+9.2% y-o-y). New digital businesses up 25.8% y-o-y (mainly driven by Video and Music OTT services in B2C and Cloud and IoT in B2B), representing 12% of total revenue in last twelve months.

Adjusted EBITDA improved in Q1 26 y-o-y to +8.7% (+0.5 p.p. vs. Q4 25) thanks to cost containment and further efficiencies.

CapEx rose +9.6% vs. Q1 25 (mainly allocated to 5G and fiber) affected by different y-o-y phasing, with CapEx/Revenue ratio at 13.2% (+0.3 p.p. y-o-y).

Adjusted OpCFal increased by +9.2% y-o-y (+9.2% in current terms) thanks to adjusted EBITDAaL (+9.4%) and despite higher CapEx intensity. The adjusted **OpCFal margin** stands at 19.3% (+0.3 p.p. y-o-y).

TELEFÓNICA DEUTSCHLAND

(y-o-y changes in constant terms)

23% of total Telefónica Q1 26 constant revenue

21% of total Telefónica Q1 26 constant adjusted EBITDA

Key messages

- Striving for profitable growth in a mature market
- Accelerating fixed broadband momentum with ongoing demand for cable and fibre
- Prioritising efficiency capture while handset market trends and B2P temporarily weigh on financials

Operating performance

T. Deutschland core business momentum showed resilience in a mature market. The company is striving for profitable growth leveraging its strong network and excellent customer service. In the smartphone magazine test, O2 scored 90.2% and thus 1st place with the top rating 'excellent'. In parallel, we continued to prioritise transformational efficiency initiatives across the operation; the focus lies on commercial, technology and sales.

Ongoing **ESG** commitment (target of net-zero emissions by 2040): further strengthened the supply chain sustainability approach by advancing the development of a telco wide *Supplier Capacity Building* approach and in parallel, consolidating supply chain governance.

Mobile contract posted +48k net adds in Q1 reflecting the focus on profitable growth while O₂ contract churn remained at a low level of 1.1% (flat y-o-y). Overall, mobile contract base (ex. 3rd party MNO-accesses) grew +3% y-o-y to 18.0m.

O₂ contract ARPU (Q1 -3% y-o-y), reflects the higher share of 2nd and 3rd SIM cards as the attractiveness of friends & family-offers naturally leads to lower ARPUs while being MSR-accretive.

Mobile prepaid posted -446k net disconnections in Q1 on unchanged weak prepaid demand in the German market.

Fixed broadband accelerated to +15k net adds in Q1 driven by attractive cable and fibre offers combined with fixed churn improving 0.1 p.p. y-o-y to 1.1%.

IoT maintained its strong momentum in Q1 with +175k net adds in the quarter fuelled by our market leading B2B solutions, and with digitisation and automation advancing in many industries.

UGG is active in 8 federal states ("Länder"). As of Mar-26, UGG has deployed 0.7m PPs. The focus is now on driving connections and completing IFG integration.

Financial performance

Revenue declined -8.6% y-o-y in Q1 on weak German market handset trends combined with the temporary MSR headwinds from the partner business that will annualize during the year. After a record Q4, handset sales were seasonally lower (-15.2% y-o-y), reflecting a softer German handset market influenced by launch cycles and availability of devices as well as lower demand in selected sales channels. Fixed revenue continued their growth path, up +4.1% y-o-y in Q1 y-o-y (FY 25: +3.3%) mainly on improved value-mix within the base.

Adjusted EBITDA improved its trend to -8.4% y-o-y in Q1 (Q4 25: -14.6% y-o-y) reflecting continued efficiency focus and stringent cost control while the temporary headwinds from partner customer migration had their in-year peak. As such, adjusted EBITDA **margin** (31.2%) was up +0.1 p.p. y-o-y in Q1.

CapEx was down -17.7% y-o-y with a CapEx/Revenue of 8.9%. Despite the usual back-end loaded in-year phasing, the number of new mobile sites going live in Q1 doubled y-o-y to 200, eliminating further white spots and contributing to mobile connectivity and digital inclusion in rural areas.

As a result, **adjusted OpCFal** was down -10.7% y-o-y in Q1, with a **margin** of 11.8% (-0.3 p.p. y-o-y).

JOINT VENTURE, VMO2

(100% of VMO2; y-o-y changes in constant terms)

Key messages

- Targeted network investments driving the foundations for value growth
- Further momentum improvement in the fixed and mobile business in Q1 26
- Financial performance on track to full year guidance

Operating performance

VMO2 switched on *O2 Satellite*, a new satellite-to-mobile service powered by Starlink Direct to Cell, marking a major step forward in extending mobile connectivity across the UK. The service brings additional O2 coverage to an area around two-thirds the size of Wales for the first time, taking O2's landmass coverage from 89% to 95% and giving customers peace of mind in some of the most remote locations across the UK.

In addition, VMO2's mobile and fixed networks have been recognised again at this year's *Uswitch Telecoms Awards* (two major honours for broadband reliability and mobile coverage).

The fixed network footprint reached 18.8m premises passed with 0.4m added in LTM. **Nexfibre** (InfraVia Capital Partners 50%, Telefónica Infra 25% and Liberty Global 25%) announced an agreement to acquire Netomnia on 18 Feb-26, UK's second largest alternative fibre provider; the transaction is currently undergoing regulatory approval.

In parallel, we reached 86% outdoor population coverage for 5G standalone. VMO2 has signed new multi-year agreements with strategic partners Ericsson and Nokia to upgrade its RAN to the latest 5G+ technology, improving performance for millions of customers across the country.

VMO2 reinforced its competitive differentiation as a responsible and reliable company by closing the digital divide for 1m people, achieving its three-year goal; ensuring 85.5k devices were recycled in 2025 (via *O2 Recycle*) and blocking 1bn scam texts.

The **contract mobile** base decreased by 60k accesses (excluding the impact of adjustments made to accesses in March 2026 which had no impact on revenue) vs. 165k in Q4 25. Consumer mobile contract ARPU remained broadly stable y-o-y.

Wholesale base reached 10.3m (10.1m in March 2025) partially hedging the decline in consumer accesses.

Fixed broadband net adds continued improving to the stabilization (Q1 26: -6k vs. Q4 25 -17k and Q3 25 -26k ex. Daisy) thanks to the commercial initiatives and despite the heightened promotional intensity that impacted consumer ARPU (-2% y-o-y).

Financial performance

Revenue declined -6.5% y-o-y in Q1 26, mainly affected by reduced nexfibre build activity. Service revenue by -3.0% y-o-y mainly due to Consumer and Business, partially offset by the increased in Wholesale revenue. Consumer revenue (-3.8% y-o-y) is affected by the lower customer base in fixed and mobile and the lower ARPU in fixed. Business revenue (-5.1% y-o-y) decline was primarily driven by lower margin products (portfolio rationalisation). Wholesale & others revenue decreased by -22.3% due to the reduction in nexfibre build activity partially offset by the Wholesale business (+5.1%).

Q1 26 **adjusted EBITDA** declined -3.4% y-o-y mainly driven by the reduction in service revenue as well as a non-cash provision for legal matters recorded in Q1 26. Adjusted EBITDA **margin** (37.7%) was up +1.2 p.p. y-o-y in Q1.

CapEx decreased by 0.9% vs. Q1 25, with a CapEx/Revenue ratio of 20.8%. Spectrum license additions from Vodafone UK were €92m in Q1.

As a result, **adjusted OpCFaI** decreased by 8.4% in Q1 26 and **margin over revenue** -0.1 p.p. y-o-y (14.4%).

APPENDIX

Selected consolidated financial statements

TELEFÓNICA CONSOLIDATED INCOME STATEMENT

<i>Unaudited figures (Euros in millions)</i>	Q1 26	Q1 25	Y-O-Y % Chg	Constant y-o-y %
Revenue	8,127	8,091	0.4	0.8
Other income	287	362	(20.8)	7.7
Operating expenses	(5,575)	(5,601)	(0.5)	0.7
Impairments & losses on disposal of assets	(3)	(8)	(58.5)	(58.7)
EBITDA (1)	2,836	2,844	(0.3)	
Depreciation and amortisation	(1,721)	(1,722)	(0.1)	
Operating income (OI)	1,115	1,122	(0.7)	
Share of profit (loss) of investments accounted for by the equity method	(35)	(114)	(69.3)	
Net financial income (expense)	(438)	(282)	55.2	
Profit before taxes	642	727	(11.6)	
Corporate income tax	(189)	(177)	6.9	
Profit for the period from continuing operations	453	550	(17.6)	
Profit for the period from discontinued operations	(807)	(1,821)	(55.7)	
Profit for the period	(353)	(1,271)	(72.2)	
Attributable to equity holders of the Parent:	(411)	(1,304)	(68.5)	
From continuing operations	386	492	(21.5)	
From discontinued operations	(798)	(1,796)	(55.6)	
Attributable to non-controlling interests:	58	33	77.9	
From continuing operations	67	58	15.7	
From discontinued operations	(9)	(25)	(63.9)	
Adj. EBITDA	2,836	2,800	1.3	1.8
Adj. EBITDA margin	34.9%	34.6%	0.3 p.p.	0.4 p.p.
Weighted average number of ordinary shares outstanding during the period (millions)	5,626	5,637	(0.2)	
Basic earnings per share attributable to equity holders of the Parent (€):	(0.09)	(0.24)	(61.3)	
From continuing operations (€)	0.05	0.08	(36.8)	
From discontinued operations (€)	(0.14)	(0.32)	(55.5)	
Adj. Basic earnings per share attributable to equity holders of the Parent from continuing operations (€)	0.07	0.10	(24.9)	

- The weighted average number of ordinary shares outstanding during the period has been obtained applying the IAS rule 33 "Earnings per share". Thereby, the weighted average of shares held as treasury stock have not been taken into account as outstanding shares.

- Basic earnings per share ratio is calculated dividing Profit for the period Attributable to equity holders of the Parent, adjusted for the net coupon corresponding to "Other equity instruments" (-€118m in Q1 26 and -€66m in Q1 25), by the weighted average number of ordinary shares outstanding during the period.

- Group consolidated results deconsolidate Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at March 31, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

- Adjusted/Constant. The reconciliation between current, adjusted, and constant figures is included in the Selected Financial data published for the period.

(1) Q1 25 EBITDA included €96m capital gain related with the sale of 20% stake in Nabiax (data centre business) and €51m of restructuring costs mainly in Other Co. & eliminations.

TELEFÓNICA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Unaudited figures (Euros in millions)</i>	Mar 26	Dec 25	% Chg
Non-current assets	70,081	70,012	0.1
Intangible assets	8,940	9,112	(1.9)
Goodwill	16,364	15,796	3.6
Property, plant and equipment	17,515	18,158	(3.5)
Rights of Use	7,985	7,441	7.3
Investments accounted for by the equity method	6,813	6,753	0.9
Financial assets and other non-current assets	6,776	6,740	0.5
Deferred tax assets	5,688	6,012	(5.4)
Current assets	19,456	22,005	(11.6)
Inventories	895	862	3.8
Receivables and other current assets	9,053	9,662	(6.3)
Tax receivables	1,002	867	15.6
Other current financial assets	1,431	870	64.6
Cash and cash equivalents	6,269	6,564	(4.5)
Non-current assets and disposal groups held for sale	806	3,180	(74.7)
Total Assets = Total Equity and Liabilities	89,538	92,017	(2.7)
Equity	18,247	17,808	2.5
Equity attributable to equity holders of the parent and other holders of equity instruments	14,521	14,258	1.8
Equity attributable to non-controlling interests	3,726	3,550	5.0
Non-current liabilities	48,156	49,372	(2.5)
Non-current financial liabilities	28,626	30,120	(5.0)
Non-current lease liabilities	5,986	5,644	6.1
Payables and other non-current liabilities	4,323	3,912	10.5
Deferred tax liabilities	2,321	2,518	(7.8)
Non-current provisions	6,900	7,178	(3.9)
Current liabilities	23,134	24,837	(6.9)
Current financial liabilities	5,528	4,219	31.0
Current lease liabilities	1,930	1,938	(0.4)
Payables and other current liabilities	12,469	12,942	(3.7)
Current tax payables	830	950	(12.6)
Current provisions	1,872	1,899	(1.4)
Liabilities associated with non-current assets and disposal groups held for sale	505	2,889	(82.5)

- The consolidated statement of financial position includes a negative value of the derivatives portfolio for a net amount of €80m, €2,355m included as financial liabilities and €2,275m included as financial assets.

- Group consolidated results deconsolidate Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at March 31, 2026 (sale signed on April 7, 2026).

TELEFÓNICA CONSOLIDATED CASH FLOW STATEMENT

<i>Unaudited figures (Euros in millions)</i>	Q1 26	Q1 25	y-o-y % Chg
Cash received from operations	10,595	10,256	
Cash paid from operations	(8,056)	(7,425)	
Net payments of interest and other financial expenses net of dividends received	(558)	(564)	
Taxes proceeds/(paid)	(111)	(139)	
Net cash flow provided by operating activities from continuing operations	1,870	2,128	(12.1)
Net cash flow provided by operating activities from discontinued operations	(398)	(326)	22.1
Net cash flow provided by operating activities	1,472	1,802	(18.3)
(Payments)/proceeds on investments in property, plant and equipment and intangible assets, net	(1,151)	(1,201)	
Proceeds on disposals/ (payments on investments) in companies, net of cash and cash equivalents disposed	54	1,023	
Proceeds/(payments) on financial investments not included under cash equivalents	57	275	
Net proceeds/(Payments) for temporary financial investments	(239)	(1,511)	
Net cash flow used in investing activities from continuing operations	(1,279)	(1,414)	(9.5)
Net cash flow used in investing activities from discontinued operations	(54)	(396)	(86.4)
Net cash flow used in investing activities	(1,333)	(1,810)	(26.4)
Dividends paid	(107)	(119)	
Proceeds/(payments) from share capital increase/(decrease) with minorities interest	17	(3)	
Proceeds/(payments) of treasury shares and other operations with shareholders and with minority interests	(33)	(88)	
Operations with other equity holders (1)	(99)	—	
Proceeds on issue of debentures and bonds, loans, borrowing and promissory notes, and other debts	1,475	1,224	
Repayments of debentures and bonds, and other debts and repayments of loans, borrowings and promissory notes	(829)	(1,354)	
Lease Principal Payments	(641)	(616)	
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(102)	(25)	
Net cash used in financing activities from continuing operations	(319)	(981)	(67.5)
Net cash used in financing activities from discontinued operations	(25)	(86)	(70.9)
Net cash used in financing activities	(344)	(1,067)	(67.8)
Effect of changes in exchange rates, cash reclassified to assets held for sale, effect of changes in consolidation methods and others	(90)	(20)	
Net increase (decrease) in cash and cash equivalents during the year	(295)	(1,095)	(73.1)
Cash and cash equivalents at the beginning of the period	6,564	8,062	
Cash and cash equivalents at the end of the period	6,269	6,967	

(1) Includes issuance and coupons of undated deeply subordinated securities.

- Group consolidated results deconsolidate Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at March 31, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

Alternative performance measures

The Group's management utilises a range of Alternative Performance Measures (APMs) alongside those expressly defined in the IFRS to gain additional insights into the Group's performance, solvency, and liquidity. However, it's important to note that these measures should not be viewed in isolation or as substitutes for IFRS measures.

Group consolidated results include the deconsolidation of Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at March 31, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

EBITDA and EBITDAaL (from continuing operations)

Earnings before depreciation and amortisation (EBITDA) is calculated by excluding solely depreciation and amortisation from Operating Income. EBITDAaL is calculated deducting amortization of rights of use and interest of lease liabilities from EBITDA. EBITDA and EBITDAaL are used to track the performance of the business and to establish operating and strategic targets of Telefónica Group companies. EBITDA and EBITDAaL are commonly reported measures and are widely used among analysts, investors, and other interested parties in the telecommunications industry, although not defined in IFRS, and therefore, may not be comparable to similar indicators used by other companies. EBITDA and EBITDAaL should not be considered as a substitute for Operating Income.

OpCFaL (from continuing operations)

OpCFaL is defined as EBITDAaL reduced by accrued capital expenditures excluding those related to spectrum acquisitions.

We believe that it is important to consider capital expenditures excluding spectrum acquisitions, together with EBITDAaL in order to have a more complete measure of the performance of our telecommunications businesses. We use these measures internally to track the performance of our business, to establish operating and strategic targets of the Group's businesses and in our internal budgeting process.

OpCFaL is not a measure expressly defined in IFRS, and therefore may not be comparable to similar indicators used by other companies. In addition, OpCFaL should not be considered a substitute for Operating Income, the most comparable financial measure calculated in accordance with IFRS, or any measure of liquidity calculated in accordance with IFRS.

Adjusted EBITDA, Adjusted EBITDAaL, Adjusted OpCFaL (from continuing operations)

"Adjusted" result or results in "adjusted" terms intend to present a result adjusted by certain factors which distort the analysis of the business performance, but without adjusting for exchange rates or hyperinflation. The adjusted result is calculated for EBITDA, EBITDAaL and OpCFaL. The "adjusted" result provides useful information for the company and market agents because:

- It provides additional information on the adjusted performance of the Group's operations, removing the distorting effects of certain factors, as they are specific to a certain moment and not associated with the ordinary performance of the business, facilitating the adjusted analysis of the business.
- The inclusion of the business adjusted performance is used both internally and by the various agents in the market to consistently monitor trends and operating performance of the business; this data also facilitates the relation between the business performance of Telefónica and that of other operators, although the term "adjusted" is not a term defined in IFRS, and the "adjusted" measures included herein may not be comparable to similar measures presented by other companies.

For the purposes of this document, adjusted EBITDA, adjusted EBITDAaL and adjusted OpCFaL are defined as the EBITDA, EBITDAaL and OpCFaL adjusted by the following factors: restructuring costs, significant capital gains/losses from the sale of companies, goodwill impairment charges and material non-ordinary impacts.

Furthermore, the Group uses the EBITDA margin measure, which is the result of dividing adjusted EBITDA by revenue, and OpCFaL margin, obtained by dividing adjusted OpCFaL by revenue and serving as a measure of operating leverage.

Constant variations

Y-o-y changes referred to in this document as "constant" or presented "in constant terms" intend to present a homogeneous comparison by applying adjustments which are described herein.

Constant variations are used both internally and by the various agents in the market to conduct consistent monitoring of trends and of the operating performance of the business. Although the term "constant" is not a term defined in IFRS, and the "constant" measures included herein may not be comparable to similar measures presented by other companies.

For the purposes of this document, "constant" variation 2026/2025 is defined as the reported variation adjusted by the following factors:

- Considers a constant perimeter of consolidation and discontinued operations are excluded.
- Does not include restructuring costs, significant capital gains/losses from the sale of companies, goodwill impairment charges and material non-ordinary impacts. CapEx also excludes investment in spectrum.
- Assumes average constant foreign exchange rates of 2025. The reported variation of the companies of countries with hyperinflationary economies (Venezuela) is excluded.

Debt indicators

a. Net financial debt, Net financial debt plus leases and Net financial debt plus commitments

As per the Group calculation, net financial debt includes: i) current and non-current financial liabilities in our consolidated statement of financial position (which includes the negative mark-to-market value of derivatives), ii) other payables included in "Payables and other non-current liabilities", "Payables and other current liabilities" and "Current tax payables" (mainly corresponding to payables for deferred payment of radio spectrum that have an explicit financial component and the supplier financing for the customer financing of terminal sales) and (iii) financial liabilities included in "Liabilities associated with non-current assets classified as held for sale".

From these liabilities, the following are subtracted: i) cash and cash equivalents, ii) current financial assets (which include short-term derivatives), iii) the positive mark-to-market value of derivatives with a maturity beyond one year, iv) other interest-bearing assets (components of "Receivables and other current assets", "Tax receivables" and "Financial assets and other non-current assets" in the consolidated statement of financial position), v) cash and other current financial assets included in "Non-current assets classified as held for sale", vi) mark-to-market adjustment by cash flow hedging activities related to debt, and vii) fair value of derivatives adjustment used for the economic hedging of gross commitments related to employee benefits. In "Receivables and other current assets" we include the customer financing of terminal sales classified as short term, and "Financial assets and other non-current assets" includes derivatives, instalments for the long-term sales of terminals to customers and other long-term financial assets.

Net financial debt plus commitments is calculated by adding gross commitments related to employee benefits to net financial debt and the fair value of the derivatives used for the economic hedging of such commitments to net financial debt and deducting the value of long-term assets associated with those commitments and the tax benefits arising from the future payments of those commitments. Gross commitments related to employee benefits are current and non-current provisions recorded for certain employee benefits such as termination plans, post-employment defined benefit plans and other benefits.

Net financial debt, net financial debt plus leases and net financial debt plus commitments are meaningful for investors and analysts because they provide an analysis of Group solvency using the same measures used by Group management. They are used to calculate internally certain solvency and leverage ratios. Nevertheless, none of them should be considered as a substitute for gross financial debt as presented in the consolidated statement of financial position.

b. Leverage ratio

The leverage ratio is calculated as the ratio of net financial debt over adjusted EBITDAaL for the past 12 months, including or excluding the adjusted EBITDAaL of the companies which are incorporated or removed from the perimeter of consolidation.

Free Cash Flow from continuing operations

The Group's free cash flow is calculated starting from "Net cash flow provided by operating activities from continuing operations" as indicated in the consolidated statement of cash flows; deducting (payments)/proceeds on investments in property, plant and equipment and intangible assets (excluding spectrum payments), dividends paid to minority interests and lease principal payments.

We exclude dividends stemming from free cash flow generated by the UK JV, as well as any potential recapitalisations which are decided annually based on market conditions. We also exclude employee commitments. Additionally, hybrid coupon payments are incorporated for a clearer view of available recurrent cash generation.

We believe that free cash flow is a guidance measure for investors and analysts because it provides a clearer view of our recurring operational cash generation and long-term FCF trajectory.

Free Cash Flow for dividend

The Group's free cash flow for dividend is calculated starting from "Free Cash Flow from continuing operations"; deducting employee commitments and including dividends stemming from free cash flow generated by the UK JV, excluding potential recapitalisations which are decided annually based on market conditions, and any other potential cash available for distribution.

We believe that free cash flow for dividend is a meaningful measure for investors and analysts because it provides an analysis of the cash flow available to protect solvency levels and to remunerate the parent company's shareholders. The same measure is used internally by Group management. Nevertheless, free cash flow should not be considered as a substitute for the various flows of cash as presented in the consolidated statements of cash flows.

Adjusted Net Income and adjusted EPS (from continuing operations)

Adjusted Net income and adjusted EPS are defined as the reported Net Income and EPS as adjusted by the following factors:

- Restructuring costs, significant capital gains/losses from the sale of companies, goodwill impairment charges and material non ordinary impacts, in line with the adjusted EBITDA calculation.
- Amortisation of intangible assets from purchase price allocation processes.
- The positive or negative impact in Share of Results of investments accounted for by the equity method of FX differences and changes in the fair values of VMO2's derivatives recorded in its financial results.

The Adjusted Net Income and adjusted EPS measures provide useful information for the company and market agents because:

- It provides additional information on the underlying performance of the Group's operations, removing the distorting effects of certain factors, as they are specific to a certain moment and not associated with the ordinary performance of the business, facilitating the underlying analysis of the business.
- The inclusion of the business underlying performance is used both internally and by the various agents in the market to consistently monitor trends and operating performance of the business; this data also facilitates the relation between the business performance of Telefónica and that of other operators, although the term "adjusted" is not a term defined in IFRS, and the "adjusted" measures included herein may not be comparable to similar measures presented by other companies.

The detailed calculation of the Group's EBITDA and EBITDAaL, the reconciliation between current and adjusted data, the constant variations, the reconciliation of the Group's gross financial debt, net financial debt and net financial debt plus leases, the reconciliation of the Group's leverage ratio, and the reconciliation of Group's net cash flow from operations and the Free cash flow can be found in [Jan-March 2026 selected financial information](#).

Furthermore, the "Alternative measures not defined in IFRS" are detailed in the Note 2 of the consolidated financial statements published for the Group for 2025.

DISCLAIMER

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Moreover, the information contained herein should be considered only together with Telefónica’s condensed consolidated financial statements and consolidated management report for 2025, submitted to the CNMV, in Note 2, page 14 of the pdf filed. Recipients of this document are invited to read it. Neither this document nor any of their contents constitute an offer to purchase, sell or exchange any security, a solicitation of any offer to purchase, sell or exchange any security, or a recommendation or advice regarding any security, or a solicitation for any vote or approval in any other jurisdiction.



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