Results 2025

Q4

TABLE OF CONTENTS

The financial information related to January-December 2025 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 24th February 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 Q4 2025 Financial Results

24th February 2026

Delivered 2025 guidance and well positioned for 2026 and 2026-30 strategic plan

Highlights

- **2025 guidance fulfilled**
  - Growth (y-o-y constant) in revenue (+1.5%), adjusted EBITDA (+2.0%) and adjusted OpCFaL (+5.9%)
  - CapEx/Sales declined below 12.5% (12.4%)
  - FCF accelerated in Q4 (€1,402m), reached €2,069m in FY 25. Leverage (-0.1x q-o-q) slight increase y-o-y (2.78x)
  - Confirmed €0.30 dividend per share in cash. Pending payment in cash, €0.15€/share in June 2026
- **World class infrastructure delivering service excellence** (y-o-y)
  - 162.9m PPs with FTTH, +1%, 80% 5G coverage in core markets (+6 p.p.)
  - Customer experience a key differentiation through NPS score (35, +2 p.p. vs Q3) improvement and lower churn
- **Q4; growth across the board** (Group y-o-y constant)
  - Revenue +1.3%. Scaled B2B (+7.3%) and expanding B2C offering (+7.1%)
  - Adjusted EBITDA accelerating to +2.8% leveraging leaner operations and digital transformation
  - Sequential improvement in adjusted OpCFaL to +12.9%. Margin up +1.4 p.p. vs Q4 24 and up +0.6 p.p. vs 2024
- **Strong position in solid high-quality markets** (y-o-y constant)
  - Ongoing solid operating momentum and performance in Spain. Revenue +1.8%, adjusted EBITDA +1.1%. Superior adjusted OpCFaL (+0.9% and FY +2.3%). The best commercial year since 2018
  - Brazil continued to grow above inflation in key metrics (revenue +7.1% (+0.5 q-o-q on better MSR); adjusted EBITDA +8.2%). Adjusted OpCFaL +19.7% (FY +15.7%). Access base at an all-time high
  - Germany, sustained O_2 brand momentum (contract net adds +22.2% q-o-q). Effect of 1&1 customer migration weighing in financials (revenue -4.0%, adjusted EBITDA -14.6%)
- **Advancing in our complete exit from Hispam**
  - Sold T. Argentina, T. del Perú, T. Uruguay, T. Ecuador and T. Colombia (Feb-26)
  - Signed and closed the sale of T. Chile (10th Feb-26) for a firm vale of ~USD1,215m and an additional payment of USD150m subject to the potential occurrence of certain events in the Chilean telco market
- **2026-2030 Strategic Plan, Transform & Grow will focus on:**
  - Profitable growth to create shareholder value and lead us to become a World Class Telecom operator with profitable scale
  - Built around six strategic pillars. Three of these will strengthen our relationship with customers (delivering best in class customer experience, expanding B2C offering, scaling B2B), while the other three are enablers (evolving technological capabilities, simplifying operating model, developing talent)

Unless stated otherwise, CapEx excludes spectrum
Constant: assumes constant FX (average FX in 2024 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)

Marc Murtra, Chairman & CEO of Telefónica

"The solid results this quarter are the consequence of a year of focused execution and our high quality operations. We delivered our guidance for the year and are growing revenue, adjusted EBITDA and adjusted OpCFaL, while we advanced our balance sheet and portfolio transformation. As such, we expanded our leading positions in Spain and Brazil and maintained strong momentum in our four core markets. We expanded fibre and 5G coverage and improved customer lifetime value, all thanks to our deep know how, focus, professionalism and strong culture.

All this has positioned us well to capture all the opportunities we presented in our strategic plan, Transform and Grow, last November. Our Strategic Plan focusses on profitable growth to create shareholder value. It will ensure we offer the best digital experience to our customers, become faster and more agile and it will lead us to become a European World Class Telecom operator with profitable scale. By resetting our dividend and sharpening our capital allocation we have made the uncomfortable but necessary choices to be stronger and grow faster. Our financial strategy is based on a de-risked FCF and a disciplined capital allocation. We remain committed to an anchored investment grade rating, increasing our financial flexibility, a sustainable shareholder remuneration and value accretive M&A. We continue to be optimistic on the changes happening in Europe and consolidation opportunities.

All in all we have undertaken the undeniable challenge to provide citizens with the best way to access digital technologies."

Outlook

2025 guidance (constant[1])

- **Revenue growth** y-o-y (FY 25: +1.5%)
- **Adjusted EBITDA growth** y-o-y (FY 25: +2.0%)
- **Adjusted OpCFaL growth** y-o-y (FY 25: +5.9%)
- **CapEx/Sales: <12.5%** (FY 25: 12.4%)
- **FCF to ~€1.9bn** (FCF continuing operations FY 25: €2,069m)
- **Leverage** slightly higher y-o-y (2.78x)

Shareholder remuneration confirmed for 2025

- **2025 dividend** of €0.30 per share in cash. The first tranche (€0.15) has been paid the 18th of December 2025 and the second tranche (€0.15) will be paid June 2026. For the purpose of the second tranche, the corresponding corporate resolutions will be proposed to the AGM

For 2026, financial targets are as follows (constant[2])

- **Revenue 1.5-2.5% growth** y-o-y
- **Adjusted EBITDA 1.5-2.5% growth** y-o-y
- **Adjusted OpCFaL over 2%** y-o-y
- **CapEx/Revenue ~12%**
- **FCF ~€3.0bn**
- **Leverage decline towards 2028 target**
- **2026 dividend[3] of €0.15** per share **in cash** to be paid in June 2027 confirmed. It was announced the last Capital Markets Day (4/11/2025). For this payment, the adoption of the corresponding corporate resolutions will be proposed in due course

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 (constant[2]):

- **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[3] for 2027 and 2028** will be based on a 40-60% payout of FCF base for dividend[4], 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 2025 guidance: assumes constant FX (average in 2024), 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] *Criteria for 2026, 2025-28 and 2028-30 Guidance: assumes constant FX (average FX in 2025 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). CapEx ex-spectrum. FCF from continuing operations excludes non-recurring spectrum payments, employee commitments and VMO2 dividends, at current FX.*

[3] *Dividend payable in cash in June of the following year.*

[4] *FCF base for dividend calculated as FCF for guidance including employee commitments and VMO2 dividends.*

Telefónica Group Main KPIs

	FY 25			Q4 25		
	(€m)	y-o-y % Chg	Constant y-o-y % Chg	(€m)	y-o-y % Chg	Constant y-o-y % Chg
Revenue	35,120	(1.5)	1.5	9,174	0.7	1.3
Adj. EBITDA	11,918	(1.6)	2.0	3,198	2.0	2.8
Adj. OpCFaL	5,081	1.9	5.9	1,281	12.3	12.9
CapEx ex spectrum / Sales	12.4%		(0.7) p.p.	13.8%		(1.3) p.p.
FCF from continuing operations	2,069	(26.3)		1,402	5.7	
Net Financial Debt	26,824	(1.2)				
Adj. Net Income from continuing operations	2,122	(19.0)		405	(26.3)	

	FY 25 (€m)	y-o-y % Chg	Constant y-o-y % Chg	Q4 25 (€m)	y-o-y % Chg	Constant y-o-y % Chg
Revenue	35,120	(1.5)	1.5	9,174	0.7	1.3
Telefónica España	13,012	1.7	1.7	3,423	1.8	1.8
Telefónica Brasil	9,451	(1.7)	6.7	2,486	5.8	7.1
Telefónica Deutschland	8,172	(3.8)	(3.8)	2,116	(4.0)	(4.0)
Other companies & eliminations	4,485	(6.0)	(0.5)	1,150	(3.8)	(1.4)
Adj. EBITDA	11,918	(1.6)	2.0	3,198	2.0	2.8
Telefónica España	4,691	1.1	1.1	1,269	1.1	1.1
Telefónica Brasil	4,108	(0.2)	8.4	1,118	6.5	8.2
Telefónica Deutschland	2,537	(8.2)	(8.2)	630	(14.6)	(14.6)
Other companies & eliminations	582	(0.9)	12.0	181	97.0	104.0
Adj. EBITDAaL	9,421	(2.5)	1.1	2,539	1.2	1.9
Telefónica España	4,047	0.9	0.9	1,100	0.4	0.4
Telefónica Brasil	3,248	0.2	8.8	892	7.5	9.3
Telefónica Deutschland	1,749	(13.0)	(13.0)	426	(21.5)	(21.5)
Other companies & eliminations	377	(5.1)	10.8	121	183.1	194.2
CapEx	4,340	(7.2)	(4.1)	1,259	(8.1)	(7.2)
Telefónica España	1,522	(1.5)	(1.5)	439	(0.3)	(0.3)
Telefónica Brasil	1,478	(6.4)	1.7	383	(3.4)	(2.0)
Telefónica Deutschland	964	(15.5)	(15.5)	300	(12.7)	(12.7)
Other companies & eliminations	376	(8.3)	(4.3)	137	(27.8)	(23.3)
Spectrum	199	n.s.	n.s.	-27	c.s.	c.s.
Adj. OpCFaL	5,081	1.9	5.9	1,281	12.3	12.9
Telefónica España	2,525	2.3	2.3	662	0.9	0.9
Telefónica Brasil	1,770	6.5	15.7	508	17.6	19.7
Telefónica Deutschland	785	(9.7)	(9.7)	126	(36.6)	(36.6)
Other companies & eliminations	1	c.s.	c.s.	(16)	(89.2)	(86.6)

	Dec 25 (thousands)	y-o-y % Chg
Total Accesses	326,121	2.1
o/ w FTTH	15,042	7.5
o/ w Contract	108,655	(5.9)
o/ w Pay TV	7,809	(1.4)
o/ w Wholesale	26,457	10.7

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 amounted to 326.1m as of Dec-25 and increased 2.1% y-o-y, with FTTH accesses growing 7.5% y-o-y.

In **Networks and Systems**, through the **Autonomous Network Journey (ANJ) program**, we continued to advance on our roadmap toward Level 4 autonomy by 2030 (TM Forum standard). 2025 has marked a turning point, evolving from a traditional automation model to one of advanced autonomy, driven by the adoption of multiple use cases across all operations. 12 high-value use-cases are already operating at Level 4 Autonomy.

In **Spain**, the *Smart CapEx FTTH* project has set a milestone in intelligent fiber-deployment planning. Powered by advanced AI algorithms, the model prioritizes areas with the highest return, optimizes CapEx, and accelerates coverage expansion, reducing operational costs and improving decision-making. Likewise, the project *NetCheck* marked a significant leap in the IP network operation by automating pre/post-checks for interventions on transport routers.

In **Brazil**, we implemented two flagship initiatives. The *Fractal Project*, which automatically transforms technical objectives into operational actions for capacity expansion and is evolving into a multidomain model impacting both mobile and fixed networks. And the *Self-Healing capability in the 5G Core*, where the platform detects anomalies in real time and executes corrective actions without human intervention, strengthening service stability and reducing recovery times.

Finally, in **Germany**, two high-impact solutions stand out. *NetOptimizer,* a digital twin capable of supervising thousands of mobile sites and transport routes in real time optimizing performance before changes are applied to the physical network. Complementing this, *NOA,* the virtual assistant of the Network Operations Center (NOC), that uses AI to accelerate incident resolution through automated recommendations reducing diagnostic times for critical scenarios.

The **Open Gateway** project led by Telefónica and the GSMA to standardise the access to telecom networks functions through open APIs, currently reaches 292 operators (>80% of global mobile connections) and 59 channel partners worlwide. In 2025, Telefónica made progress by launching more APIs (9 in Spain, Brazil, Germany and the UK), improving its commercial reach (with Aduna as global channel and a reinforced direct channel in Spain and Brazil) and announced new strategic agreements (with Cabify and TikTok). Aduna in Q4 25 also announced new agreements with operators (Vivo, Claro, and TIM in Brazil, Ooredo and Zain Group's API monetization arm, Dizlee, in Middle East and North Africa) and leading solution providers (Comviva).

As of December, **5G coverage** was at 95% in Spain, 99% in Germany, 67% in Brazil, and 87% in the UK. In 2025, we became the only operator in Spain to offer voice over 5G (VoNR) throughout the country, thanks to the deployment of our 5G Stand Alone (5G SA) network, which already covers more than 5,700 municipalities. Besides, in the last two years, we deployed 62% of the fastest 5G nodes in Spain, the one that uses the 3.5 GHz band and offers greater capacity and speed for our customers.

On the other hand, the first quantum-safe Data Center communications service was launched in Spain. It protects the confidentiality of critical and sensitive information exchanged between customers' data centres and headquarters. With this pioneering initiative, Telefonica reinforces its commitment to innovation, and the protection of business data in the face of the challenges of the digital future.

The **retail copper network switch-off in Spain** was completed with the closure of all its central offices (8,532). We are the **global leader in fibre**, offering the best carrier solution for the next 50 years (XGS-PON ready), with 162.9m UBB PPs, +1% y-o-y. Out of these, 74.3m are FTTH PPs (+7% y-o-y), including 21.7m PPs from our FibreCos (+5% y-o-y). Thus, total FTTH PPs grew by 4.7m in 2025 (24% through FibreCos).

Regarding the program to **reduce energy consumption and increase green energy**, coverage is maintained against energy costs through renewable PPAs (new PPA signed in the UK representing ~15% of VMO2's total demand). Brazil reached its 78th Distributed Generation plant in operation out of a total of 82. Telefónica Deutschland deployed its automated lifecycle management system based on a Digital Twin optimizing their processes.

Finally, energy consumption has decreased by 4% y-o-y despite the traffic increased by 25% in 2025, thanks to initiatives such as RAN reduction and switch-offs in legacy. As such, the MWh/PB ratio improved by 23% y-o-y, with the aim of reducing the **consumption per unit of traffic ratio by 95% by 2030** and achieving **net zero emissions by 2040** throughout the value chain.

Financial performance

Income Statement

Group consolidated results include the deconsolidation of Telefónica Argentina (since February), Telefónica Peru (since April), Telefónica Uruguay and Telefónica Ecuador (both since October). Telefónica Colombia's assets and liabilities have been classified as held for sale at December 31, 2025 (sale closed on February 5, 2026). In compliance with IFRS, these companies, and other small Hispam companies sold during 2025, have been reported as discontinued operations within the Telefónica Group since January 1, 2025 (and 2024 revised accordingly).

FX moves had a lower negative impact in Q4 (-€61m in revenue and -€27m in adjusted EBITDA). In FY, the impact (mainly the Brazilian reais y-o-y depreciation vs. the euro) was -€1,011m and -€373m, respectively, -€116m at FCF from continuing operations. At net debt, the FX impact increased it by €276m (€222m plus leases).

Revenue grew 0.7% y-o-y to €9,174m in Q4, down 1.5% to €35,120m in FY, with FX dragging -0.7 p.p. and -2.8 p.p. In constant terms, revenue grew 1.3%, service revenue +0.9% and handset sales +4.3% (FY: +1.5%, +1.5%, +0.8%).

B2C revenue grew 2.1% y-o-y in Q4 in constant terms (€5,408m, 59% of total) and 1.8% y-o-y in FY 25, mainly driven by growth in the core markets underpinned by compelling value propositions, premium service quality and valuable brands.

B2B revenue grew 7.3% y-o-y in Q4 in constant terms (€2,158m, 24% of total) accelerating its pace of growth throughout the year (+7.1% y-o-y in FY 25) driven by a high single digit growth in the core markets. Both Corporate and SME revenue increased (+8.5% y-o-y and 3.7% y-o-y respectively in Q4 25). Main growth driver was IT revenue with a double-digit growth and already accounting for 48% of total B2B revenue in FY 25.

Wholesale & Partners and Others revenue fell 8.2% y-o-y in Q4 in constant terms (€1,608m, 18% of total), and -6.1% in FY 25 mostly due to the impact of the anticipated headwinds from transformation of the partner business in Germany.

Other income (€474m in Q4 and €1,531m in FY 2025; €729m in Q4 and €1,538m in FY 2024) included €65m Millicom litigation resolution (Costa Rica sale) in Q3 25, €95m Nabiax capital gain in Q1 25 and €358m favorable award in Colombia in Q4 24. In constant terms, grew 29.2% y-o-y in Q4, +18.9% in FY.

Operating expenses (+44.8% y-o-y to €9,259m in Q4; +10.8% to €27,441m in FY) included €2.9bn of restructuring costs mainly in Q4 (€2.8bn; €2.5bn in Spain and €0.3bn in Other Co. and Eliminations). In constant terms, OpEx grew 2.2% y-o-y (+2.0% in FY), on higher supply and other operating expenses.

Impairments and losses on disposal of assets (€255m in Q4 25, €526m in FY 25) included non-cash goodwill impairments in Telefónica Tech (€65m in Q4; €312m in FY) and Telefónica Chile (€174m in Q4), in Other Co. & Eliminations.

Earnings before depreciation and amortisation (adjusted EBITDA) increased 2.0% y-o-y to €3,198m in Q4, -1.6% to €11,918m in FY (FX drag: -0.9 p.p. and -3.1 p.p.). In constant terms, grew 2.8% y-o-y and +2.0% in FY.

Adjusted EBITDA margin at 34.9% in Q4 and 33.9% in FY (+0.5 p.p. and 0.2 p.p. y-o-y constant, respectively).

Adjusted EBITDAaL: +1.2% y-o-y to €2,539m in Q4 and +1.9% constant (FY: -2.5% to €9,421m, +1.1% constant).

Depreciation and amortisation: +0.3% y-o-y to €1,909m in Q4 (-3.3% to €7,364m in FY, affected by FX).

Share of profit of investments accounted for by the equity method: -€746m in Q4 25 and -€1,020m in FY 25 (+€16m in Q3 24 and -€32m in FY 24), included non-cash impairments in UGG (€105m) and VMO2 (€585m), partially offset by the impact from VMO2 and Daisy Group agreement.

Net financial expenses: +92.8% y-o-y to €611m in Q4 (+10.8% to €1,702m in FY) mainly due to non-recurrent positive impacts in Q4 24 not repeated in Q4 25.

Corporate tax income: €164m positive in Q4 25 (€365m expenses in FY 25; €352m in Q4 24 and €617m in FY 24) mainly due to the restructuring costs tax effect in Spain, partially offset by deferred assets effects in Germany and Chile.

Profit attributable to minorities from continuing operations: -31.5% y-o-y to €73m in Q4 due to lower profit from minority interests of Telxius. FY: -2.7% y-o-y to €281m.

Net income from continuing operations: -€3,041m in Q4, -€0.55 **earnings per share** (FY: -€2,049m, -€0.41). Adjusted, -26.3% y-o-y to €405m and -29.7% to €0.06 in Q4 (FY: -19.0% to €2,122m and -21.1% to €0.33). Q4 adjustments: -€2,114m of restructuring and -€1,332m of other impacts (FY: -€2,177m restructuring, +€94m capital gains, -€2,088m others (mainly Q3 and Q4 impairments and amortisation of intangible assets from purchase price allocation processes)).

Profit from discontinued operations: -€235m in Q4 25 and -€2,384m in FY 25, associated to Argentina, Peru, Uruguay, Ecuador, Colombia and other companies in Hispam. **Minorities from discontinued operations**: -€37m in Q4 and -€115m in FY. Thus, **net income from discontinued operations** of -€198m in Q4 and -€2,269m in FY (EPS of -€0.40 in FY).

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

Free Cash Flow

Adjusted **OpCF** increased 9.9% y-o-y to €1,939m and adjusted **OpCFaL** +12.3% to €1,281m in Q4 (FY: +1.9% to €7,578m and +1.9% to €5,081m). Constant, **OpCF** grew 10.5% and **OpCFaL** +12.9% (+5.8% and +5.9% in FY).

CapEx declined 8.1% y-o-y to €1,259m in Q4 and -7.2% to €4,340m in FY (-7.2% and -4.1% constant). Spectrum accrued was €199m in FY (mainly in Germany in Q2) and payments €158m (€30m Spain, €108m Germany, €19m Other Co. & Eliminations). **CapEx/Sales** fell 0.7 p.p. to 12.4% constant in FY.

Working capital variation consumed €248m in FY 25 mainly explained by CapEx seasonality. It was lower compared to FY 24 consumption (€370m) due to the negative impact from the favorable award in Colombia in Q4 24, partially offset by CapEx subsidies received in 2024 and related payments in 2025.

Interest payments: +5.5% y-o-y to €1,015m in FY, despite debt related savings on lower debt in BRL, not offsetting extraordinary collections in 2024. The effective cost of debt related interest payments (L12M) decreased to 2.98% as of Dec-25 (Dec-24: 3.19%).

Dividends received: -24.1% y-o-y to €263m in FY 25 on lower VMO2 dividends, in line **paid to minority shareholders** (€161m in FY 25, €167m in FY 24).

Tax payments were higher (€402m in FY 25 vs. €231m in FY 24), mainly due to lower tax refunds and higher tax payments in account in Spain in 2025.

Lease principal and interest payments increased 2.2% y-o-y to €2,367m in FY, explained by seasonality impacts.

Pre-retirement commitments (€934m in FY 25, €981m in FY 24) and **hybrid coupon payments** (€356m in FY 25, €361m in FY 24) were lower y-o-y.

Free cash flow from continuing operations: €1,402m in Q4 25, €2,069m in FY 25 (€1,326m in Q4 24, €2,809m in FY 24).

Free cash flow from discontinued operations: €80m in Q4 25, -€275m in FY 25 (€189m in Q4 24, -€175m in FY 24), included Argentina, Peru, Uruguay, Ecuador, Colombia, and other Hispam companies.

Total **free cash flow** amounted to €1,482m in Q4 25 and €1,794m in FY 25 (€1,516m in Q4 24 and €2,634m in FY 24).

Funding and financing

Net financial debt decreased by €1.4bn in Q4 to €26,824m as of Dec-25, due to free cash flow generation of €1,393m (including spectrum payments) and net financial divestments of €0.9bn. Factors that increased debt were shareholder remuneration of €812m other net factors of €79m.

In FY 25, net financial debt decreased by €0.3bn due to free cash flow generation of €1,604m (including spectrum payments) and net financial divestments of €1.7bn. Factors that increased net debt were shareholder remuneration of €2,126m and other net factors of €882m (including the impact of exchange rates and spectrum financing).

Lease liabilities amounted €7,920m as of Dec-25, -4.3% in FY, mainly due to sales in Hispam. Net financial debt including lease liabilities amounted to €34,744m as of Dec-25.

In 2025, Telefónica Group raised long term financing by €7,862m and VMO2 raised €6,299m equivalent.

Financing activities in Q4 25 and YTD included:

- In Nov-25, Telefónica signed a €100m bilateral loan (maturity in Nov-32)
- In Jan-26, T. Emisiones launched a €1,750m green hybrid bond (structured in 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 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)

Telefónica financing activity has allowed to maintain a solid liquidity position of €17,432m (€10,007m of undrawn committed credit lines; €9,667m maturing over 12M). As of Dec-25, the Group has covered debt maturities over the next three years and the average debt life stood at 10.9 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 €1,245m as of Dec-25.

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

Sustainability performance

Telefónica's approach to sustainability is to generate tangible value and reduce risks. Objectives are aligned with the **United Nation's Sustainable Development Goals.**

"E" Environmental: Building a greener future (SDG #7, #9, #13)

- **Advancing towards Net Zero in 2040:** Reduced CO_2 emissions by 49% since 2015; Scope 1 & 2 emissions by 91% vs. 2015 and Scope 3 by 34% vs. 2016, bringing us closer to our goal.
- **Securing long-term stability with clean energy:** 39% of Group energy sourced from renewable long-term Power Purchase Agreements.

"S" Social: Helping society thrive (SDG #8, #9, #10, #16)

- **Connecting communities:** Achieved 92% rural mobile broadband coverage across core markets (+1.1 p.p. y-o-y), expanding connectivity in underserved areas.
- **Protecting customers from cyber threats:** Blocked more than 211m cybersecurity threats for SMEs and retail customers in Spain in 2025.

"G" Governance: Leading by example (SDG #8, #12, #16, #17)

- **Safeguarding the supply chain:** Over 17k sustainability-related supplier audits conducted in 2025, strengthening labour, health and safety, environmental, human rights and/or data protection standards across the supply chain.
- **Leading in sustainable financing**: Over €20bn in sustainability-linked financing as of year-end 2025, reinforcing Telefónica's position as a leading telecom operator in sustainable finance.

Telefónica received strong ESG recognition by being included in **CDP´s Climate A List** for the 12th consecutive year and by consolidating its leadership across the **World Benchmarking Alliance rankings** (Digital Inclusion, Social Benchmark and Ranking Digital Rights Index).

TELEFÓNICA ESPAÑA

(y-o-y changes in constant terms)

36%	of total Telefónica FY 25 constant revenue	**38%**	of total Telefónica FY 25 constant adjusted EBITDA

Key messages

- 2025, the best commercial year since 2018, record net adds for FBB and TV
- Churn and portability at their best levels ever
- All annual financial indicators grow simultaneously again, for the first time since 2008

T. España closes an outstanding 2025, with historic advances at the commercial and financial levels. The best annual churn (0.8%) since the launch of convergence and growing net adds translate into accelerated y-o-y growth in key services. This excellent commercial performance is reflected in higher y-o-y revenue growth in FY 25 vs. FY 24 (+1.7%, +0.6 p.p. vs. FY 24) and adjusted EBITDA (+1.1%, +0.4 p.p. vs. FY 24), and in the return to growth of adjusted EBITDAaL (+0.9%, vs. -1.2% in FY 24) and adjusted OpCFaL (+2.3%, vs. -0.4% in FY 24).

Segmentation and service excellence continues to be prioritized as key levers, highlighting initiatives in Q4 such as: the new 10 Gbps fiber (+€5), the *SWAP* campaign to renew handsets every two years, and the launch of the *Titan Connect* service, which shields continuous connectivity for businesses and drives new digital services. At the same time, improvements in quality and customer service have reduced the volume of complaints in 2025 to a third of 2023 level.

In **sustainability**, the commitment was reinforced in 2025, with operational emissions reduced by 97% vs 2015 and the reminder offset. Movistar Plus+ continued to promote sustainable productions, with 34 projects with a verified footprint and an average reduction in emissions of 12%. On the social front, *Movimiento Azul* has established itself as an initiative promoting the responsible use of technology through awareness-raising, training, and institutional collaboration.

Operational performance

Total accesses increased (+38% y-o-y), driven by strong commercial traction and the addition of new IoT lines (x4 y-o-y). Likewise, in Q4, y-o-y growth in BAF (+2.3%), mobile contract (+2.8%) and TV (+7.9%) stood out, with net adds of +21k, +82k and +51k, respectively. The quarterly mobile portability balance performed exceptionally well, especially in December.

Convergent customers increased by +15k in Q4 and improved their y-o-y growth (+1.2%; +0.2 p.p. vs. Q3), supported by the lowest churn in 13 years (0.7%, -0.1 p.p. y-o-y). This, together with market-leading ARPU (€89.7), translates into an average customer lifetime value well above that of other operators and growing above inflation.

Financial performance

Revenue increased by 1.8% y-o-y in Q4 25 (+0.2 p.p. vs Q3) with sustained growth in **service revenue** (+1.0%, steady throughout 2025) and a sharp increase in handset sales (+17.8%, +2.1 p.p. vs Q3). Retail revenue grew +2.5% y-o-y (+0.4 p.p. vs. Q3), supported by a larger customer base, pricing strategy, and growing sales of digital services and the digital ecosystem. Wholesale and Other revenue declined -6.5% y-o-y, due to the renewal of contracts that ensure the long-term sustainability of the business.

Adjusted EBITDA in Q4 grew by +1.1% y-o-y (same as in Q3), reflecting improved revenues and efficiencies from network transformation and hyper-automation, among other factors. The adjusted EBITDA margin stood at 37.1% (-0.2 p.p. y-o-y). In current terms, Q4 EBITDA is impacted by the recognition of a provision of €2,474M, with €2,322M in personnel expenses associated to a restructuring plan and €151M in other expenses for other transformation plans (channels, etc). The restructuring plan will generate ~€500M direct savings in personnel costs from 2028 onwards (~€250M in 2026), in addition to those from previous plans, and its impact on cash generation will be positive from 2026 onwards.

Adjusted EBITDAaL in Q4 grew by 0.4% y-o-y (-0.5 p.p. vs. Q3) with an increase in leases due to 5G deployment.

Finally, the return to adjusted EBITDAaL growth in 2025 and the containment of **CapEx** (-1.5% y-o-y) following the completion of the fiber rollout (31M PP) will allow adjusted OpCFaL to grow for the first time in seven years (+2.3%), with a margin on revenues of 19.4%, consolidating the Company's profitability.

TELEFÓNICA BRASIL

(y-o-y changes in constant terms)

28%	of total Telefónica FY 25 constant revenue	**36%**	of total Telefónica FY 25 constant adjusted EBITDA

Key Messages

- Convergence accelerated (accesses: +40.9% y-o-y) reducing churn and increasing fiber penetration
- Accelerated revenue growth to +7.1% y-o-y thanks to MSR (improvement in contract and prepaid)
- Adjusted EBITDA growth (+8.2% y-o-y) supported by revenue expansion and efficiencies, with margin expansion (+0.5 p.p.)

Operating performance

On November, 12th, Telefonica Brazil announced the closing of the acquisition of the 50% of Fibrasil for R$850m from CDPQ, consolidating control over the neutral fiber wholesale network to accelerate its fiber expansion, integrating FiBrasil's infrastructure with its own services. After the transaction, T. Brasil holds 75% of FiBrasil's total share capital.

In addition, the Company announced the acquisition of 100% of CyberCo Brasil from Telefónica Tech. This transaction aims to strengthen its position in consolidating its growth strategy in digital solutions.

In **mobile**, contract accesses maintained its consistent growth (+5.7% y-o-y) supported by migration from prepaid to contract plans, as well as new customer acquisition. Despite this, the prepaid segment showed signs of recovery, thanks to the increase in recharge frequency (Q4 25 prepaid ARPU +7.4% y-o-y). The 5G adoption continues to accelerate, with more than 23m accesses having a 5G device (+44.2% y-o-y). Mobile ARPU grew +5.2% vs Q4 24 maintaining a low contract churn (Q4 1.2%), thus increasing customer value.

In **fixed**, FTTH premises passed reached 32m as of December (+0.5m y-o-y) with 7.8m connected (+12.0 y-o-y) while churn showed a declined y-o-y to 1.4% (-0.1 p.p. y-o-y).

Vivo Total (joint FTTH + mobile offer) totaled 3.4m accesses (+40.9% y-o-y), while churn continue very low (0.7%) significantly lower than standalone accesses, with a converge customer ARPU of R$230.

In **sustainability**, Vivo strengthened its ESG positioning in 2025, with a prominent presence at COP30 and more than R$ 3bn in revenue generated from energy and climate-efficiency solutions. On the social front, Fundación Telefónica Vivo reached more than 2m beneficiaries. This was supported by strong external recognition, with inclusion in CDP's Climate A List, ranking among the leaders on the climate agenda for the sixth consecutive year.

Financial performance

Revenue in Q4 25 accelerated to 7.1% y-o-y (FY 25: +6.7%; +5.8% and -1.7% respectively in current terms). In the mobile business, MSR improved its growth rate to +7.0% (FY: +6.6%) underpinned by contract revenue (+7.7%) and better prepaid (-2.7% vs. -6.7% in Q3 25). Fixed revenue grew +5.4% y-o-y (FY: +7.3%) mainly due to FTTH (+9.9%). New digital businesses up +27.0% 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 FY 25.

Adjusted EBITDA grew +8.2% in Q4 y-o-y (FY: +8.4%; +6.5% and -0.2% respectively in current terms) thanks to strong revenue growth and efficiency that allowed expenses to grow y-o-y in line with inflation despite the acceleration in digital solutions and the greater commercial activity.

In Q4 adjusted EBITDA was positively impacted by €16m benefits from the sale of concession related assets (FY €57m) compared to €101m in Q4 24 coming from asset sales and from reversal of contingencies.

CapEx rose 1.7% vs FY 24 (mainly allocated to 5G and fiber), with CapEx/Revenue ratio at 15.6% (-0.8 p.p. y-o-y).

Adjusted OpCFaL posted an outstanding growth of +15.7% vs FY 24 (+6.5% in current terms) thanks to adjusted EBITDAaL (+8.8%) and lower CapEx intensity. The adjusted **OpCFaL margin** stands at 18.7% (+1.4 p.p. y-o-y).

TELEFÓNICA DEUTSCHLAND

(y-o-y changes in constant terms)

23%	of total Telefónica FY 25 constant revenue	**21%**	of total Telefónica FY 25 constant adjusted EBITDA

Key messages

- Robust own-brand customer trading momentum
- Healthy core business trends & focus on strategy execution while B2P temporarily weighs
- A milestone in network quality enhancement: O_2 network achieved 2nd place in connect magazine test

Operating performance

T. Deutschland expanded its position as a leading mobile operator throughout 2025. In the increasingly mature while overall sound German telco market, the Co. maintained robust trading momentum despite persistently high promotional activity across segments. Also, we achieved a milestone in the Co's history for network quality: The O_2 network was rated 'very good' for the six consecutive time in the connect magazine test (Nov-25) and more importantly, made a quantum leap forward to be ranked 2nd place for the first time. This lays the foundation for future growth through further enhanced products and services.

Commitment with **ESG** continued (target of net-zero emissions by 2040) and in 2025, the Co. was awarded with ESG Transparency Award for the 3rd time in a row, confirming the 'Excellence' status (further improved score of 96%).

Mobile contract continued to benefit from sustained customer appeal of the O_2 brand (including attractive promotions) in combination with growth initiatives planted across segments. Net adds (ex. 3rd party MNO-accesses) were robust in Q4 25 and came to +192k (FY 25 +697k) and O_2 contract churn remained at a low level of 1.1% (flattish y-o-y) both, in Q4 and FY despite a competitive environment. Overall, the mobile contract base (ex. 3rd party MNO-accesses) grew +4.0% y-o-y to 18.0m. Partner customer migration was completed by year-end.

O_2 contract ARPU was slightly lower y-o-y (Q4 -1.2%, FY -1.0%), mainly due to a higher share of 2nd and 3rd SIM cards. The attractiveness of friends & family-offers naturally leads to lower ARPUs while being MSR-accretive.

Mobile prepaid posted -262k net disconnections in Q4 (FY -618k) on the unchanged German market trend of prepaid to contract migration.

Fixed broadband posted +3k net additions in Q4, reducing net losses in FY to -9k, with attractive cable and fibre offers offsetting the impact of legacy DSL-churn. Overall, fixed churn improved 0.1 p.p. y-o-y to 1.1% in Q4 (FY 1.1%).

IoT accesses grew by +213k in Q4 25, showing strong demand (FY: +742k), leveraged by T. Deutschland's market leading B2B solutions, with digitization and automation advancing in many industries.

Financial performance

Revenue declined 4.0% y-o-y in Q4 25 (FY 25: -3.8%), with continued solid MSR trends in the core business more than offset by the temporary headwinds from the partner business that will annualize during FY 26. Handset sales grew 4.6% y-o-y in Q4 (FY: -1.9%) mainly on seasonal demand. Fixed revenue up 9.0% y-o-y (FY: +3.3%) on a better value-mix within the base and some support from the low-margin voice termination business in Q4.

Adjusted EBITDA was down 14.6% y-o-y in Q4 (FY: -8.2%) as the now completed migration of partner customers continues to weigh, offsetting growth and efficiency measures. As such, adjusted EBITDA **margin** was down -1.5 p.p. y-o-y in FY 25.

CapEx seasonally stepped up in Q4, in-line within the usual phasing throughout the year, while showing the envisaged y-o-y decline (-15.5%) and lowering CapEx/Sales ratio to 11.8%. Still, network roll-out and densification progressed at high pace: ~8k network expansion measures were executed in FY 25, bringing 5G pop coverage to ~99%.

Consequently, **adjusted OpCFaL** was down 9.7% vs FY 24, with a **margin** of 9.6% (-0.6 p.p. y-o-y).

OTHER BUSINESS LINES

TELEFÓNICA TECH

(y-o-y changes in constant terms)

Key messages

- Revenue growth +18.9% y-o-y in FY 25 (Q4 25 +25.1%)
- Uninterrupted commercial performance, bookings in FY 25 grew in line with revenue growth
- Simplified operating model, in Hispam transferred operations (Colombia, México, Chile and Perú)

Telefónica Tech simplified its structure and reinforced its strategic focus on its main markets to deliver advanced technology solutions for corporate's digital transformation:

- Agreement signed in Dec-25 & Jan-26 for the sale of operations in Colombia, México, Chile and Perú.
- Continuity of global services across HispAm via the Colombian DOC and dedicated hubs to support multinational clients' needs.
- Integration of Brazil's cybersecurity division into Vivo to strengthen its B2B offering to deliver synergies and speed up the delivery of cybersecurity services.

Telefónica Tech continues to receive top recognitions from industry analysts: **Global Data** "*Leader in Industrial IoT Services: Competitive Landscape Assessment";* **IDC** *"Major Player in: SASE services 2025, Microsoft Azure Managed Services in Europe,* and *AI Service Providers in 2025"*.

In addition, Telefónica Tech's quantum capabilities were recognized by **IBM**, which awarded Telefónica *Tech "Partner of the Year in Quantum"* for its work with IBM Quantum Safe.

Operating performance

Commercial performance remained strong in Q4 25, with bookings growing in line with revenues with Cloud and IoT being the key drivers of growth.

In **Cybersecurity**, Telefónica Tech boosted its portfolio of detection and response services (*NextDefense MDR*) with *CrowdStrike's* AI platform.

In **Cloud** capabilities, AI-driven Contact Centre solutions were enhanced to improve omnichannel performance by the standardisation of advanced AI functionalities in *Genesys Cloud*.

In **AI & Data**, leadership was reinforced offering a new solution for the design and deployment of *Data Spaces* for both the public and private sectors. The interoperable, secure, and scalable data spaces promote collaboration between entities and transform data into value through advanced analytics and AI.

Telefónica Tech leads the Spanish **IoT** market thanks to strong growth in smart mobility, healthcare, and infrastructure digitalisation. *TheThinX*, its innovation lab, will join NATO's Defense innovation Accelerator (DIANA) in 2026.

Financial Performance

Revenue trend improved sequentially in Q4 (+25.1% y-o-y) primarily due to the acceleration in Spain. In FY 25 revenue reached €2,222m.

Revenue remains well balanced, with strong input from Managed and Professional Services and proprietary platforms.

TELEFÓNICA INFRA

Key Messages

- T. Infra contributes to the industrial transformation and efficiency of the operational units
- 21.7m[1] premises passed (PPs) with FTTH, >100k km[2] of international connectivity
- Telxius recorded a steadily high adjusted EBITDA margin (FY 25: >45%)

Operating performance

Telefónica Infra: maintains its role as a growth enabler

In Spain, **Bluevía** (Vauban/CAA consortium 45%, Telefónica Infra 25% and Telefónica España 30%) remains focused on customer adoption within its 5m PPs base.

Fiberpass (Telefónica España 38%, Telefónica Infra 25% and Vodafone 37%) with 3.7m PPs is offering since March, wholesale services in urban and semiurban areas, supporting the reorganisation of the Spanish wholesale market. In November, AXA, Vodafone Spain and Telefónica España signed a binding agreement under which AXA will acquire a 40% stake in FiberPass, subject to regulatory approvals. Final ownership structure will be as follows: Telefónica 55% (keeping control, Telefónica España 30% and T. Infra 25%), Vodafone Spain 5% and AXA 40%.

In Brazil, **FiBrasil** (Telefónica Infra 25% and Telefónica Brasil 75%) connected 151 municipalities with high-quality fibre (4.4m PPs in 22 states). Telefónica Brasil closed in Nov-25 the acquisition of CDPQ's 50% stake (R$850m), strengthening its position as a leader in the sector.

In the UK, **nexfibre** (InfraVia Capital Partners 50%, Telefónica Infra 25% and Liberty Global 25%) continued to deploy fibre (2.6m PPs). On 18 February 2026, Nexfibre announced an agreement to acquire Netomnia, UK's second largest alternative fibre provider. This acquisition will strengthen our network and accelerate fibre rollout and penetration, creating clear value through VMO2 and Nexfibre.

In Germany, **Unsere Grüne Glasfaser (UGG)** (Allianz 50%, Telefónica Infra 40% and Telefónica Deutschland 10%) is active in 8 federal states ("Länder"). As of Dec-25, UGG has deployed 0.7m PPs. The focus is now on driving connections and completing IFG integration.

ONNET Fibra Chile (KKR 60% and Telefónica Chile 40%) progressed with its roll-out to 4.4m PPs as of Dec-25.

Telxius: a leading global connectivity provider

Telxius continued to post double digit traffic growth (FY 25 +13% y-o-y), which combined with an efficient management of the cost base, allowed it to maintain a high level of profitability (FY 25 adjusted EBITDA margin >45%).

During 2025, **Telxius** signed contracts worth over US$600m, as a result of the renewal of long-term contracts with Telefónica's businesses, the sustained demand from "hyperscalers", and the growing contribution of colocation services.

[1] *Included in the total Group´s FTTH PPs*
[2] *International fibre as of Dec-25*

REMAINING MARKETS IN HISPAM

(y-o-y changes in constant terms)

Key messages

As a result of Hispam sales (mainly Argentina, Peru, Ecuador, Uruguay and Colombia), the weight of Hispam operations in the Group has been reduced, and we continue with the strategy to exit the region. As consequence, the Telefónica Hispam segment has been eliminated and the remaining companies (mainly T. Chile, T. México and T. Venezuela) have been reported in “Other Companies and Eliminations” in 2025, and in 2024 for comparative purposes.

Operating and financial performance

In Q4, total **accesses** decreased by 4.6% y-o-y to 40.1m; however, contract accesses showed y-o-y growth (+0.9%). Total accesses at Chile stood at 8.3m as of Dec 25 (-12.0% y-o-y), reflecting mainly lower prepaid and IPTV accesses. México's total accesses reached 21.7m as of Dec 25 (-7.0% y-o-y), mainly due to prepaid.

Q4 25 **Revenue** from the aggregate of the remaining Hispanoamérica companies (primarily Chile and México) amounted to €742m, a 6.1% y-o-y decrease. This was impacted by Chile (€378m; -4.8%), affected by intense market competition and lower TV revenues, and by Mexico (€293m; -8.3%) affected primarily by handsets sales.

FY 25 Revenue from the aggregate of the remaining Hispanoamérica companies (primarily Chile and México) amounted to €2,880m, a 3.2% y-o-y decrease. FY 25 Chile Revenue amounted to €1,449m and €1,127m Mexico.

Q4 25 **adjusted EBITDA** from the aggregate of the remaining Hispanoamérica companies (primarily Chile and México) reached €157m, growing 22.9% y-o-y, primarily driven by Mexico (€49m; +71.4%) thanks to efficiencies achieved in operating expenses. Chile's adjusted EBITDA amounted to €87m, a 6.5% decrease due to the decline in operating revenue.

FY 25 adjusted EBITDA from the aggregate of the remaining Hispanoamérica companies (primarily Chile and México) represented €530m, a 3.7% y-o-y increase. FY 25 Chile adjusted EBITDA amounted to €281m and €128m México.

Q4 25 **adjusted OpCFaL** from the aggregate of the remaining Hispanoamérica companies (primarily Chile and México) reached €26m and increased 172% y-o-y. FY 25 amounted €118m and increased +1.5% y-o-y.

JOINT VENTURE, VMO2

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

Key messages

- Strong progress in FTTH and 5G deployment (87% pop. coverage, +12 p.p. y-o-y)
- Improved in fixed-line trading for the second consecutive quarter, reflecting progress in commercial initiatives
- Delivered FY 25 guidance: Revenue +0.2% and EBITDA +0.9% y-o-y

Operating performance

VMO2 was recognised as the UK's top broadband provider in Opensignal's 2025 Fixed Broadband Experience report, ranking first across all national categories including download speed, upload speed, consistent quality, video experience and reliability. In addition, VMO2 has switched on its next-generation 5G Standalone network in more than 500 locations; which offers reliable, faster mobile coverage and stronger signal in more places, meaning a smoother experience for residents, commuters and visitors.

Nexfibre announced an agreement to acquire Netomnia, the UK's second largest alternative fibre provider. Netomnia's fibre network, expected to have more than 3.4m fibre premises and 500k customers by completion, together with 2.1m of VMO2's premises that will be upgraded to fibre by nexfibre, will be integrated into nexfibre's network. As a result, nexfibre will have a footprint of approximately 8m premises by the end of 2027.

The fixed network footprint reached 18.8m premises passed with 115k added in Q4 25, driven by the continued nexfibre build. In parallel, we reached 87% 5G outdoor population coverage and completed the planned decommissioning of 3G services. Network capabilities were further enhanced by the ongoing spectrum transfer from Vodafone UK, which will continue over the medium term.

VMO2 achieved 'Leadership' level with an A- rating from CDP for the second consecutive year. This reflects our strong performance in reducing carbon emissions, as we remain on target to hit our net zero emissions targets by 2040, as well as our work to drive the circular economy and positive environmental impact across our business.

The **contract mobile base** declined by 165k in Q4 primarily due to the October price rise announcement which elevated churn to 1.4% due to a 30-day exit window which has now closed. Consumer mobile contract ARPU up +1.2% vs. Q4 24 on price increases.

Wholesale net additions reached 239k in Q4 25 (382k in FY 25) partially hedging the decline in consumer accesses.

Fixed broadband net adds improved by the second consecutive quarter on progress in commercial initiatives, despite strong market headwinds (Q4 -17k vs. Q3 -26k excluding Daisy).

Financial performance

Revenue declined 8.3% y-o-y in Q4 25 (FY 25: -6.4% y-o-y), with mobile revenue falling -5.1% y-o-y mainly on the reduction in low margin handset revenue (-15.0% y-o-y). Q4 fixed revenue remained almost flat y-o-y (-0.2%) thanks to B2B (+20.5% y-o-y due to an increased level of revenue related to long-term leases) that almost offset the decreased in consumer revenue (affected by customer base as well amid intense competition that impacted negatively on ARPU). Q4 B2B fixed including Daisy increased +62.2% y-o-y. Other revenue fell -59.1% y-o-y, driven by continued lower level of nexfibre construction revenue compared to the prior year. Guided FY 25 revenue, which excludes handset, nexfibre construction and B2B with the completion of the O2 Daisy transaction increased +0.2% y-o-y.

Q4 **adjusted EBITDA** decreased 4.3% y-o-y (FY 25: -1.9%) mainly driven by nexfibre construction and the increased consumer fixed costs of sales. FY 25 guided EBITDA, excluding nexfibre construction and the Daisy transaction grew 0.9% y-o-y.

CapEx reduced by -5.0% vs FY 24, with a CapEx/Revenue ratio of 20.7%. Spectrum licence additions were €181m in 2025, primarily comprising of the first tranche of spectrum from Vodafone UK transferred in Q3.

As a result, **adjusted OpCFaL** increased +2.1% vs FY 24 and **margin over revenue** +1.1 p.p. y-o-y (14.6%).

APPENDIX

Selected consolidated financial statements

TELEFÓNICA CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)	FY 25	FY 24	y-o-y % Chg	Constant y-o-y %	Q4 25	Q4 24	y-o-y % Chg	Constant y-o-y %
Revenue	35,120	35,671	(1.5)	1.5	9,174	9,114	0.7	1.3
Other income	1,531	1,538	(0.5)	18.9	474	729	(35.0)	29.2
Operating expenses	(27,441)	(24,761)	10.8	2.0	(9,259)	(6,392)	44.8	2.2
Impairments & losses on disposal of assets	(526)	(677)	(22.3)	14.6	(255)	(655)	(61.1)	12.7
EBITDA (1)	8,683	11,770	(26.2)		134	2,796	(95.2)	
Depreciation and amortisation	(7,364)	(7,613)	(3.3)		(1,909)	(1,904)	0.3	
Operating income (OI)	1,319	4,157	(68.3)		(1,775)	892	c.s.	
Share of profit (loss) of investments accounted for by the equity method	(1,020)	(32)	n.s.		(746)	16	c.s.	
Net financial income (expense)	(1,702)	(1,536)	10.8		(611)	(317)	92.8	
Profit before taxes	(1,403)	2,589	c.s.		(3,132)	591	c.s.	
Corporate income tax	(365)	(617)	(40.9)		164	(352)	c.s.	
Profit for the period from continuing operations	(1,768)	1,972	c.s.		(2,969)	239	c.s.	
Profit for the period from discontinued operations	(2,384)	(1,763)	35.2		(235)	(1,143)	(79.4)	
Profit for the period	(4,152)	209	c.s.		(3,204)	(904)	254.3	
Attributable to equity holders of the Parent:	(4,318)	(49)	n.s.		(3,239)	(1,003)	223.1	
From continuing operations	(2,049)	1,683	c.s.		(3,041)	133	c.s.	
From discontinued operations	(2,269)	(1,732)	31.0		(198)	(1,135)	(82.5)	
Attributable to non-controlling interests:	166	258	(35.5)		36	98	(63.9)	
From continuing operations	281	289	(2.7)		73	106	(31.5)	
From discontinued operations	(115)	(31)	269.4		(37)	(7)	n.s.	
Adj. EBITDA	11,918	12,109	(1.6)	2.0	3,198	3,134	2.0	2.8
Adj. EBITDA margin	33.9%	33.9%	(0.0 p.p.)	0.2 p.p.	34.9%	34.4%	0.5 p.p.	0.5 p.p.
Weighted average number of ordinary shares outstanding during the period (millions)	5,637	5,636	0.0		5,633	5,637	(0.1)	
Basic earnings per share attributable to equity holders of the Parent (€):	(0.81)	(0.06)	n.s.		(0.59)	(0.19)	209.2	
From continuing operations (€)	(0.41)	0.25	c.s.		(0.55)	0.01	c.s.	
From discontinued operations (€)	(0.40)	(0.31)	31.0		(0.04)	(0.20)	(82.5)	
Adj. Basic earnings per share attributable to equity holders of the Parent from continuing operations (€)	0.33	0.42	(21.1)		0.06	0.09	(29.7)	

- 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" (-€265m in FY 25 and -€269m in FY 24), by the weighted average number of ordinary shares outstanding during the period.
- Group consolidated results include the deconsolidation of Telefónica Argentina (since February), Telefónica Peru (since April), Telefónica Uruguay and Telefónica Ecuador (both since October). Telefónica Colombia's assets and liabilities have been classified as held for sale at December 31, 2025 (sale closed on February 5, 2026). In compliance with IFRS, these companies, and other small Hispam companies sold during 2025, have been reported as discontinued operations within the Telefónica Group since January 1, 2025 (and 2024 revised accordingly).
- Adjusted/Constant. The reconciliation between current, adjusted, and constant figures is included in the Selected Financial data published for the period.
(1) FY 25 EBITDA included €2.9bn of restructuring costs, €2.5bn in Spain and €0.4bn in Other Co. & Eliminations. Additionally, in Other Co. & Eliminations, a €95m capital gain from the sale of 20% stake in Nabiax (data centre business), €65m positive impact from Millicom litigation resolution regarding the sale of Costa Rica and €0.5bn non-cash goodwill impairments in Telefónica Tech (€312m) and Telefónica Chile (€174m).

TELEFÓNICA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited figures (Euros in millions)	Dec 25	Dec 24	% Chg
Non-current assets	70,012	78,133	(10.4)
Intangible assets	9,112	9,875	(7.7)
Goodwill	15,796	16,461	(4.0)
Property, plant and equipment	18,158	21,439	(15.3)
Rights of Use	7,441	7,907	(5.9)
Investments accounted for by the equity method	6,753	8,375	(19.4)
Financial assets and other non-current assets	6,740	7,403	(9.0)
Deferred tax assets	6,012	6,673	(9.9)
Current assets	22,005	22,369	(1.6)
Inventories	862	954	(9.6)
Receivables and other current assets	9,662	10,445	(7.5)
Tax receivables	867	970	(10.7)
Other current financial assets	870	1,800	(51.7)
Cash and cash equivalents	6,564	8,062	(18.6)
Non-current assets and disposal groups held for sale	3,180	138	n.s.
Total Assets = Total Equity and Liabilities	92,017	100,502	(8.4)
Equity	17,808	22,749	(21.7)
Equity attributable to equity holders of the parent and other holders of equity instruments	14,258	19,347	(26.3)
Equity attributable to non-controlling interests	3,550	3,402	4.4
Non-current liabilities	49,372	52,019	(5.1)
Non-current financial liabilities	30,120	33,192	(9.3)
Non-current lease liabilities	5,644	6,077	(7.1)
Payables and other non-current liabilities	3,912	3,693	5.9
Deferred tax liabilities	2,518	2,905	(13.3)
Non-current provisions	7,178	6,152	16.7
Current liabilities	24,837	25,734	(3.5)
Current financial liabilities	4,219	5,590	(24.5)
Current lease liabilities	1,938	2,226	(13.0)
Payables and other current liabilities	12,942	14,606	(11.4)
Current tax payables	950	1,614	(41.1)
Current provisions	1,899	1,665	14.1
Liabilities associated with non-current assets and disposal groups held for sale	2,889	33	n.s.

- The consolidated statement of financial position includes a negative value of the derivatives portfolio for a net amount of €70m, €2,268m included as financial liabilities and €2,198m included as financial assets.
- Group consolidated results include the deconsolidation of Telefónica Argentina (since February), Telefónica Peru (since April), Telefónica Uruguay and Telefónica Ecuador (both since October). Telefónica Colombia's assets and liabilities have been classified as held for sale at December 31, 2025 (sale closed on February 5, 2026).

TELEFÓNICA CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures (Euros in millions)	FY 25	FY 24	y-o-y % Chg
Cash received from operations	42,065	42,459	
Cash paid from operations	(30,953)	(31,109)	
Net payments of interest and other financial expenses net of dividends received	(1,169)	(817)	
Taxes proceeds/(paid)	(402)	(231)	
Net cash flow provided by operating activities from continuing operations	9,541	10,302	(7.4)
Net cash flow provided by operating activities from discontinued operations	181	692	(73.8)
Net cash flow provided by operating activities	9,722	10,994	(11.6)
(Payments)/proceeds on investments in property, plant and equipment and intangible assets, net	(5,055)	(4,851)	
Proceeds on disposals/ (payments on investments) in companies, net of cash and cash equivalents disposed	1,678	23	
Proceeds/(payments) on financial investments not included under cash equivalents	(665)	286	
Net proceeds/(Payments) for temporary financial investments	(108)	79	
Net cash flow used in investing activities from continuing operations	(4,150)	(4,463)	(7.0)
Net cash flow used in investing activities from discontinued operations	(440)	(760)	(42.1)
Net cash flow used in investing activities	(4,590)	(5,223)	(12.1)
Dividends paid	(1,857)	(1,887)	
Proceeds/(payments) from share capital increase/(decrease) with minorities interest	(183)	(57)	
Proceeds/(payments) of treasury shares and other operations with shareholders and with minority interests	(362)	(1,301)	
Operations with other equity holders (1)	(359)	(346)	
Proceeds on issue of debentures and bonds, loans, borrowing and promissory notes, and other debts	2,442	2,904	
Repayments of debentures and bonds, and other debts and repayments of loans, borrowings and promissory notes	(3,912)	(1,619)	
Lease Principal Payments	(1,950)	(1,901)	
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(144)	(184)	
Net cash used in financing activities from continuing operations	(6,325)	(4,391)	44.0
Net cash used in financing activities from discontinued operations	(87)	(281)	(69.0)
Net cash used in financing activities	(6,412)	(4,672)	37.2
Effect of changes in exchange rates, cash reclassified to assets held for sale, effect of changes in consolidation methods and others	(218)	(188)	
Net increase (decrease) in cash and cash equivalents during the year	(1,498)	911	c.s.
Cash and cash equivalents at the beginning of the period	8,062	7,151	
Cash and cash equivalents at the end of the period	6,564	8,062	

(1) Includes issuance and coupons of undated deeply subordinated securities.
- Group consolidated results include the deconsolidation of Telefónica Argentina (since February), Telefónica Peru (since April), Telefónica Uruguay and Telefónica Ecuador (both since October). Telefónica Colombia's assets and liabilities have been classified as held for sale at December 31, 2025 (sale closed on February 5, 2026).

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 Argentina (since February), Telefónica Perú (since April), Telefónica Uruguay and Telefónica Ecuador (both since October). Telefónica Colombia's assets and liabilities have been classified as held for sale at December 31, 2025 (sale closed on February 5, 2026). In compliance with IFRS, these companies, and other small Hispam companies sold during 2025, have been reported as discontinued operations within the Telefónica Group since January 1, 2025 (and 2024 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 2025/2024 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 2024. 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 only consider 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. Additionally, hybrid coupon payments are incorporated for a clearer view of available recurrent cash generation.

We believe that free cash flow 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-Dec 2025 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

This document has been prepared by Telefónica, S.A. ("**Telefónica**" or the "**Company**", and together with its subsidiaries the "**Telefónica Group**") exclusively for its use during the presentation of financial results. The Company does not assume any liability for the content of this document if used for any purposes different from the one outlined above.

This document may contain forward-looking statements. These forward-looking statements may include financial and other forecasts and estimates, as well as statements regarding plans, objectives and expectations of the Telefónica Group. The forward-looking statements can be identified, in certain cases, through the use of words such as "will," "shall," "target," "expect," "aim," "hope," "anticipate," "should," "may," "might," "assume," "estimate," "plan," "risk," "intend," "believe" and similar language or other formulations of a similar meaning or, in each case, the negative formulations thereof. Other forward-looking statements can be identified in the context in which such statements are made or by the forward-looking nature of discussions of strategy, plans, objectives or intentions. These forward-looking statements include statements regarding our intent, belief or current expectations with respect to, among other things, the effect on our results of operations of competition in telecommunications markets; trends affecting our business, financial condition, results of operations or cash flows; ongoing or future acquisitions, investments or divestments; our capital expenditures plan; our estimated availability of funds; our ability to repay debt with estimated future cash flows; our shareholder remuneration policies; supervision and regulation of the telecommunications sectors where we have significant operations; our environmental, social and governance commitments and targets; our existing or future strategic partnerships or joint ventures; the potential for growth and competition in current and anticipated areas of our business; and the outcome of pending or future litigation or other legal proceedings and investigations.

Any such forward-looking statements reflect the current views of the Telefónica Group's management and may change over time. They do not intend to be exhaustive, and they have not been verified or audited by any third party. Telefónica's opinions and aspirations with respect to future events do not represent any guarantee of future fulfilment or profitability, and they are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such forward-looking statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by Telefónica with the relevant supervisory authorities of the securities markets in which its shares are listed and, in particular, the Spanish National Securities Market Commission ("CNMV").

You are cautioned not to place undue reliance on any forward-looking statements contained in this document. Except as required by applicable law, Telefónica does not assume any obligation to publicly update the forward-looking statements to adapt them to events or circumstances taking place after the date hereof, including, among others, changes in the Telefónica's Group business, changes in its business development strategy or any other circumstances.

This document may contain summarised, non-audited or non-IFRS financial information. Such information is presented for supplemental informational purposes only and should not be considered a substitute for audited financial information presented in accordance with IFRS. The Company's non-IFRS financial measures may differ from similarly titled measures used by other companies. In addition, there are material limitations associated with the use of non-IFRS financial measures since they exclude significant expenses and income that are recorded in the Company's financial statements. Information related to any alternative performance measures (APMs) used in this document are included in the Appendix "Alternative performance measures", page 20 of this document. This document also contains sustainability information, that may include environmental, social and governance-related metrics, statements, goals, commitments and opinions. The sustainability information has been prepared with various materiality analyses, estimates, assumptions and data collection and verification practices and methodologies, both external and internal, which may differ from those used by other companies.

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.

Bloomberg ESG Score
#2 in sector

CDP
Climate **A**
List 2025

FTSE4Good
2025
#1 in sector

ISS ESG Corporate Rating
#2 in sector

Sustainalytics ESG
Industry Top Rated
2025

Digital Inclusion Benchmark, Social Benchmark and Ranking Digital Rights
1st company worldwide
2026

FOLLOW US:

LinkedIn
[Linkedin/Telefónica/Investor Relations]