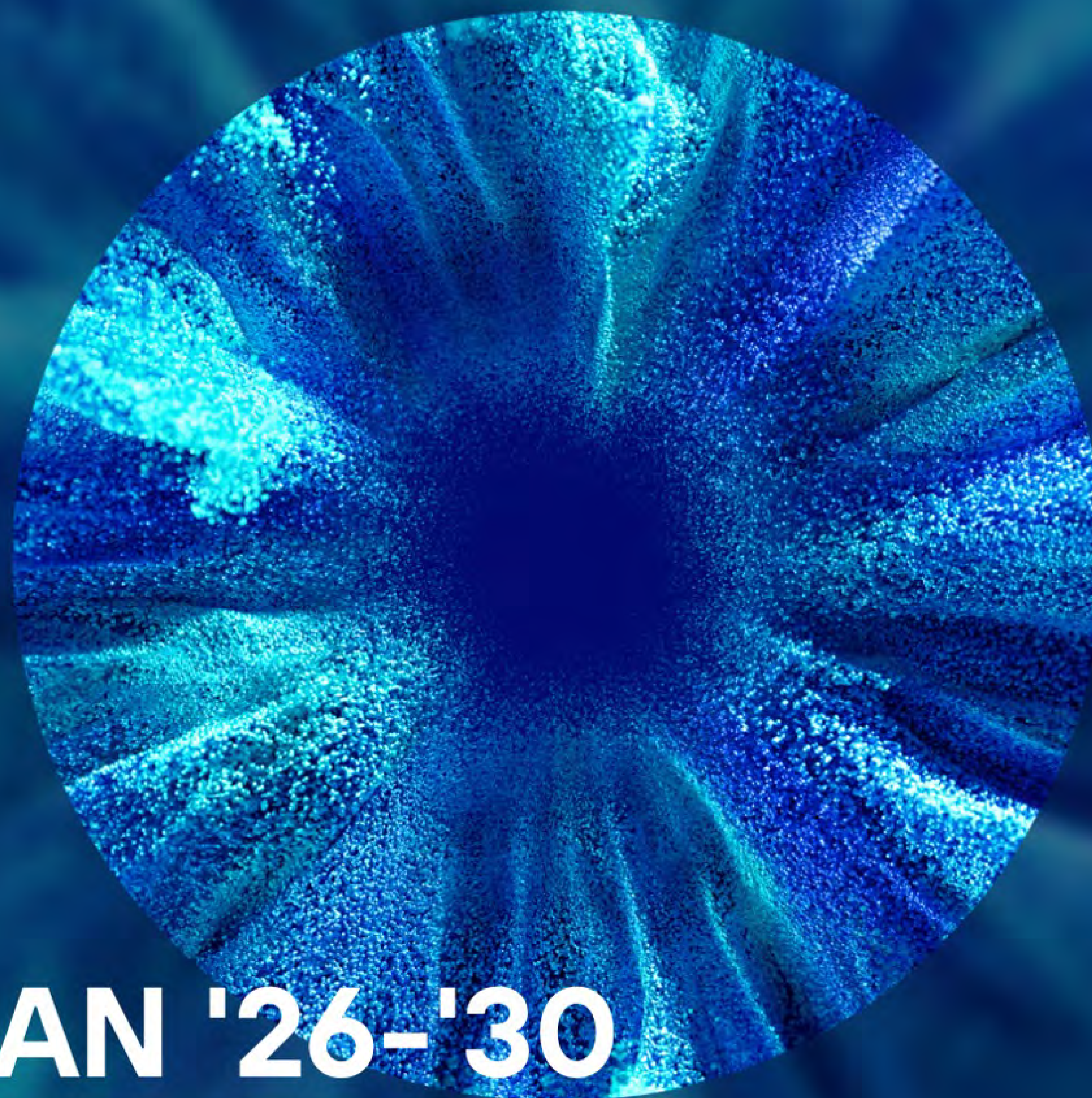




**CAPITAL
MARKETS
DAY** | 2025



STRATEGIC PLAN '26-'30

CAPITAL MARKETS DAY PRESENTATION

November 4th, '25

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Strategic Plan '26-'30

Opening remarks

Marc Murtra, Chairman & CEO

Chairman's impressions (1/4)

Telefónica is a wonderful company with great opportunities ahead. The Company has very strong and hard to replicate assets and capabilities. The Company also has various specific areas of improvement, these can be addressed in a relatively short timeframe.

The Telefónica Strategic Plan will tackle these issues and capture the many opportunities we have ahead.

Chairman's impressions (2/4)

Strengths

- Four **strong core markets with strong operations**. We lead in two of our core markets
- Experts in **network operations** with robust, advanced infrastructure
- Pioneers in **convergence strategy**
- Highly **talented and professional team**
- Deep **know-how** in most areas
- Strong **culture**: pride and sense of belonging

Chairman's impressions (3/4)

Areas of improvement

- Divergence between **strategic vision** and business context
- Aversion to make tough **decisions**
- High organizational and operational **complexity**
- Limited financial **flexibility**
- Slow **speed of execution**
- Excessive **short-termism**
- Some **costs** intrinsically **rise faster than revenues**

Chairman's impressions (4/4)

I have asked the team to help me build a Strategic Plan that captures the real market opportunities we have ahead of us. A plan that also reduces complexity, improves financial flexibility, balances short- and long-term decisions, creates measurable efficiencies and makes tough decisions.

Our Strategic Plan will focus on profitable growth to create shareholder value.



**CAPITAL
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Strategic Plan '26-'30

Marc Murtra, Chairman & CEO

Key trends shaping the industry

MACRO

TELCO

TECH



**GEOPOLITICAL
POLARIZATION**



**CONTINUED
TECHNOLOGY
DISRUPTION**



**GLOBAL
UNCERTAINTY**

Key trends shaping the industry

MACRO

TELCO

TECH

STAGNANT
COMMUNICATIONS
MARKET

1.5%

Revenue CAGR '24-'28
in European market

EUROPE IS THE
WORLD'S
EXCEPTION

3vs.38

Players in US & China
vs. Europe

DEMANDING
CUSTOMERS

60%

Of European customers
value experience over
price (+5p.p. vs. '23)

ASSET CARVE OUT
DECELERATING

-52%

Change in # of Tower
& Fibre deals in Europe
'24-'25 vs. '22-'23)

TELCOS TO PLAY A ROLE
IN CYBERDEFENCE IN
EUROPE

10-22 B€

Annual revenue opportunity
for Telcos by '35

Source: Gartner, IDC and Forrester, BNP Paribas: Telecom Operators STAMP '24, Telefónica analysis, Morgan Stanley

Key trends shaping the industry

MACRO

TELCO

TECH

USA AND CHINA
WIDENED
TECHNOLOGY GAP
WITH EUROPE

>750 B€

Investment to close gap
with US and China

NO EUROPEAN
TECHNOLOGY TITANS

0

European companies among
Top 10 tech players by market cap

DIGITAL SERVICES
CONTINUE TO GROW

10%

Revenue CAGR '24-'30
in Digital Services

GROWING CONCERNS
OF CYBER WARFARE

Cyberattacks to
European airports

(London-Heathrow, Brussels,
Berlin, Dublin) – Sep. '25

Source: Gartner, IDC and Forrester, The Draghi Report, Stock market analysis

Main Implications



European consolidation is likely to happen, timing is uncertain



Increased EU investment in technology



Customer experience as key differentiator



Telcos to maintain end-to-end industrial control over assets and core infrastructure



AI will transform processes and networks

OUR MISSION

Deliver the **best**
digital experience
to our customers

OUR VISION

Become a **world-class**
European Telco with
profitable scale

To become a world-class European Telco with profitable scale

STRATEGIC PLAN '26-'30

BEST-IN-CLASS EUROPEAN TELCO

- Customer centricity
- Technological capabilities
- Operating model
- Talent



UPSIDE TO STRATEGIC PLAN '26-'30

CONSOLIDATION

- More efficient investment in Europe to close the technology gap with US and China

To become a world-class European Telco with profitable scale

STRATEGIC PLAN '26-'30

BEST-IN-CLASS EUROPEAN TELCO

- Customer centricity
- Technological capabilities
- Operating model
- Talent



UPSIDE TO STRATEGIC PLAN '26-'30

CONSOLIDATION

- More efficient investment in Europe to close the technology gap with US and China

Six **strategic pillars** to become a 'best-in-class European Telco'

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

2 EXPAND B2C OFFERING

3 SCALE B2B

4 EVOLVE TECHNOLOGICAL CAPABILITIES

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

6 DEVELOP TALENT

Six **strategic pillars** to become a 'best-in-class European Telco'



Note: Standardized KPI criteria for Telefónica's OBs; Does not include UK; 1. Does not include handsets

Six strategic pillars to become a 'best-in-class European Telco'



Note: Standardized KPI criteria for Telefónica's OBs; Does not include UK

To become a world-class European Telco with profitable scale

STRATEGIC PLAN '26-'30

BEST-IN-CLASS EUROPEAN TELCO

- Customer centricity
- Technological capabilities
- Operating model
- Talent

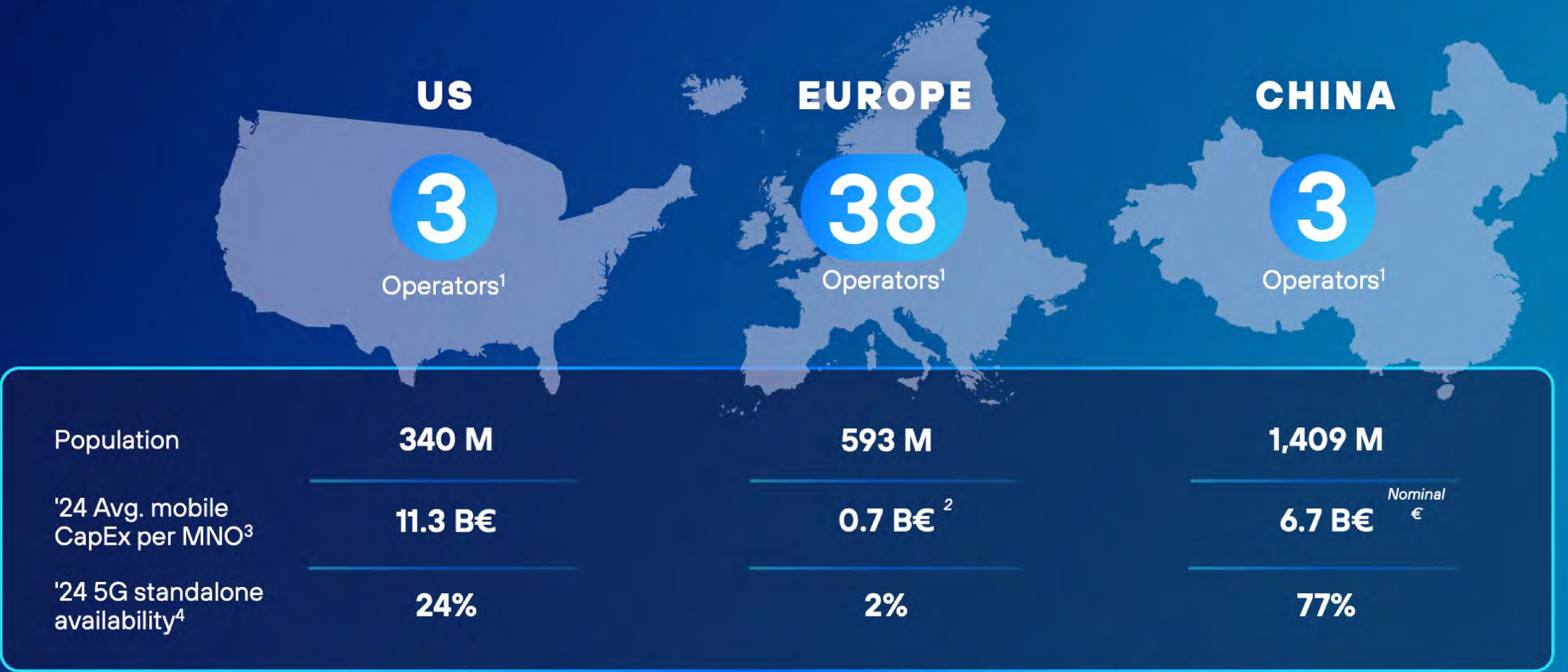


UPSIDE TO STRATEGIC PLAN '26-'30

CONSOLIDATION

- More efficient investment in Europe to close the technology gap with US and China

Europe's Telco market remains fragmented, therefore subscale and inefficient

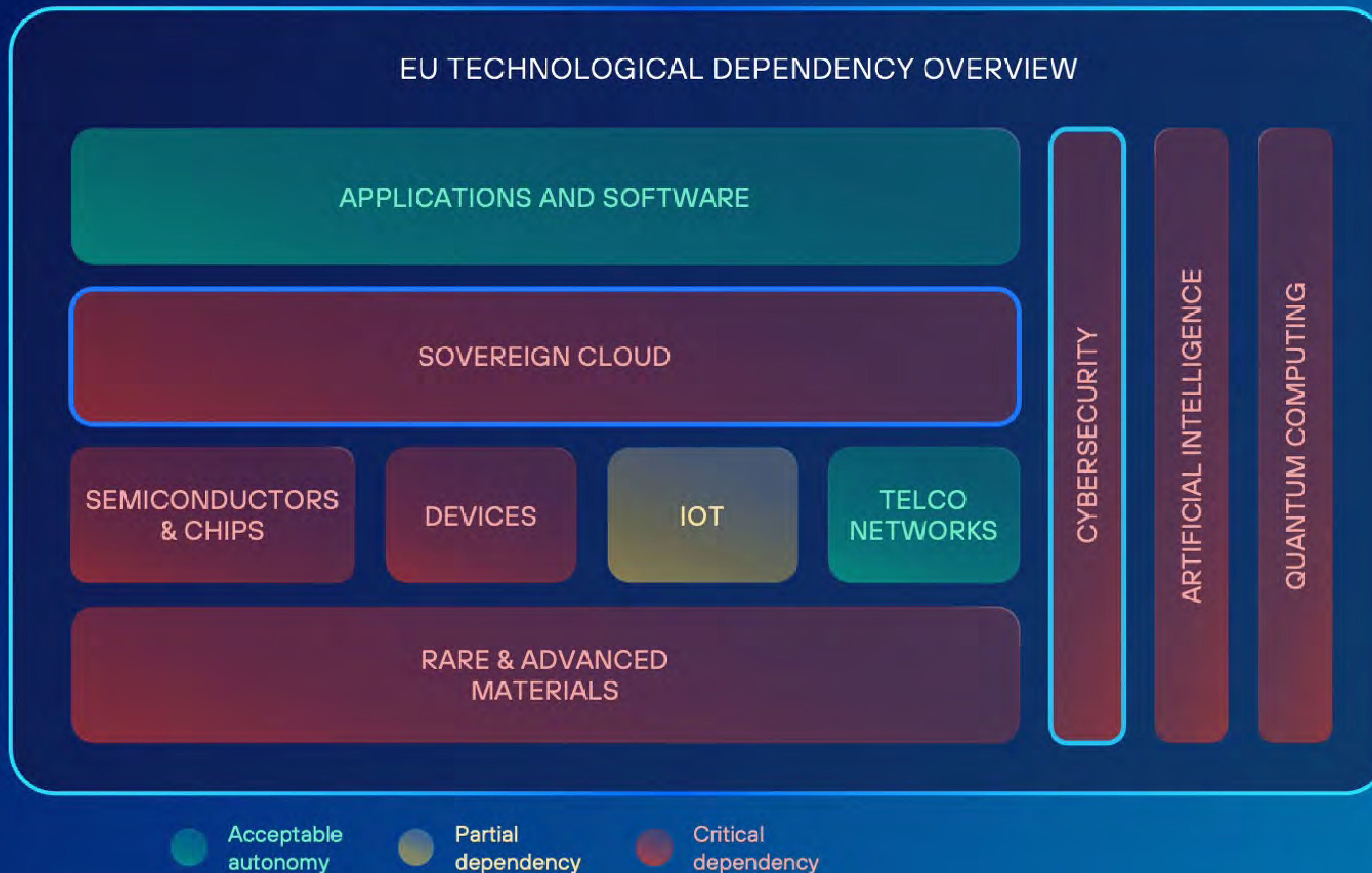


1. Operators = National Mobile Network Operators (MNO), accounting for >97% of mobile revenues
2. Average mobile CapEx per national MNO for top 3 operators in the US, China and 38 in Europe
3. In top 4 European MNOs avg. will amount for 2.2 B€
4. Ookla '24 with US = 24%, Europe= 2%, China= 80%. GSMA October '25 with US=25%, Europe=2%, China=77%
Source: Omdia, World Bank, Ookla & GSMA

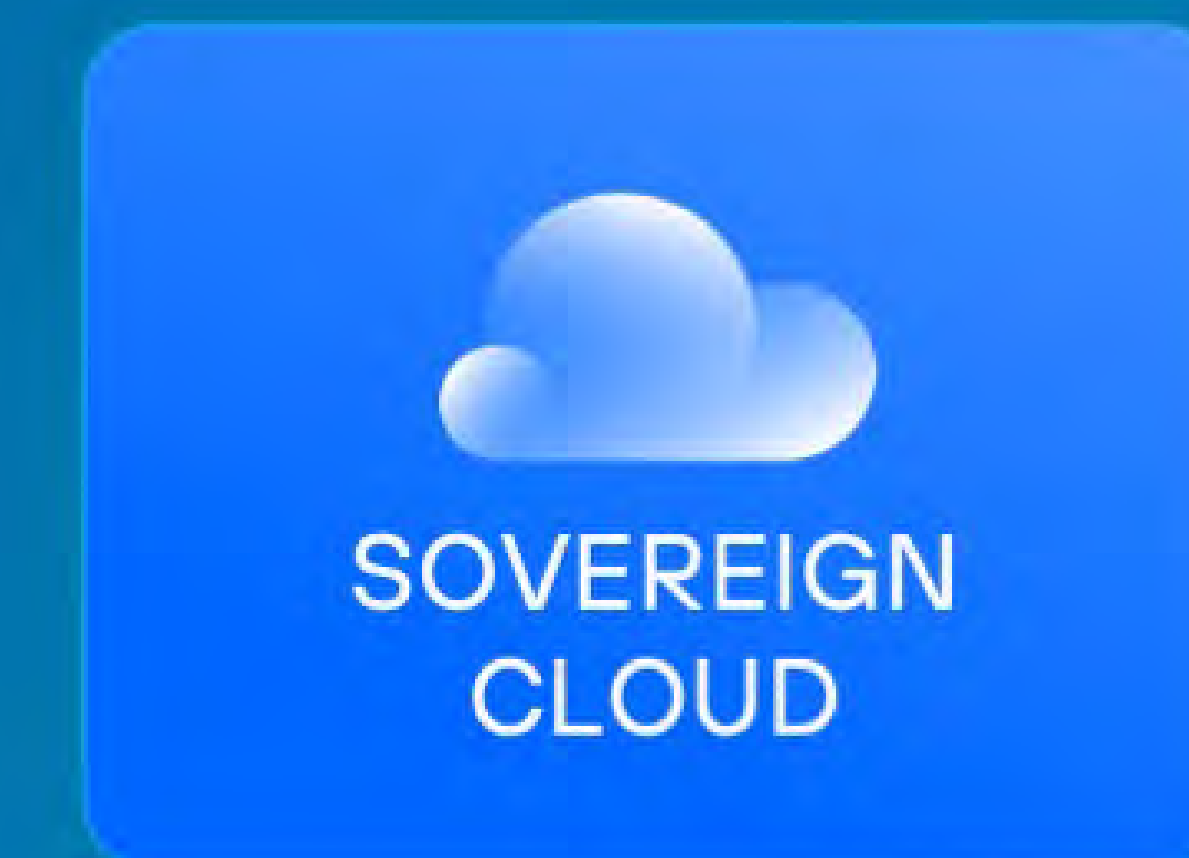
Telcos can support EU close its technological dependency gaps

EU shows **critical dependency** in key tech stack components...

... that **Telcos could help address**



SELECTED TECH STACKS
WHERE TELCOS PLAY A ROLE



Potential new **European regulatory** framework

What has changed

- New **geopolitical context**: US-EU distancing
- Acceptance of the **Draghi and Letta** reports:
Need for **large European telco** operators

“ [Market] fragmentation makes the fixed costs of investing in networks relatively more onerous for EU operators than for continent-scale companies in the US or China. Fragmentation also makes it harder to capitalize on new technologies ”

The Draghi report

What could change

Support in-market consolidation with appropriate regulatory terms:

- To generate **profitable scale** and **synergies** for telcos in **efficient markets**
- With value-accretive investments in **Telco core competencies** and **adjacent digital products** as remedies

Opportunities within Telefónica's footprint

Strategic flexibility: pragmatic approach towards portfolio rotation

18-22 B€

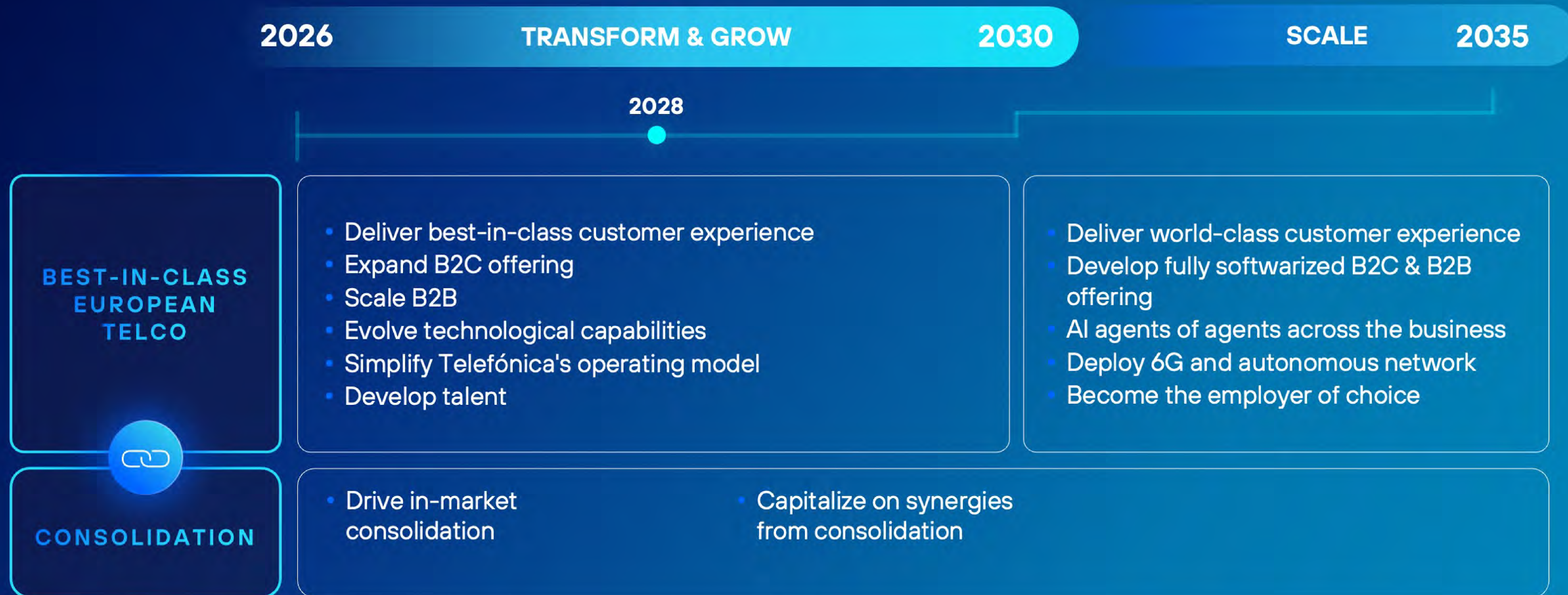
According to broker
research analysts and
industry experts

Benefits for buyers and sellers,
customers, and investments &
innovation

Consolidation synergies from selected
Telefónica-led potential transactions
in core markets

Completion of exit
from HispAm

'26-'30 Strategic Plan: TRANSFORM & GROW



Strategic Plan '26-'30 Best-in-class European Telco

Emilio Gayo, COO

TRANSFORM & GROW



Operating Businesses

Global Business Units

Corporate Centre

Telefónica's core markets



Fifth telco market in Europe, with highly developed convergence and network infrastructure



Largest market in LatAm, with high growth and three national mobile players



Largest telco market in Europe with untapped opportunity in fibre



Second telco market in Europe, and largest B2B Digital Services market

>400 M Inhabitants | c.170 B€ Telco Revenues

Core market target model



Service excellence



Access to fixed and mobile **infrastructure**



Convergence strategy (mobile; fixed; content)



Ecosystem and **Digital Services**



Simple and efficient operations



Sustain leadership with differential customer experience and efficient operations

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- **Improve experience** of key customer touchpoints
- Create hyper-personalised, digital customer relationship
- Provide latest equipment

+10 NPS points

NPS improvement by '28

2 EXPAND B2C OFFERING

- **Grow Ecosystem** of services
- Maintain premium content position

44.7%

Ecosystem share of total B2C revenue by '28
(+2p.p. vs '25)

3 SCALE B2B

- Grow B2B by **expanding Digital Services** and **double down** on **Cyber services**
- Grow presence in Defence sector

12.7%

Digital Services revenue CAGR '25-'28

4 EVOLVE TECHNOLOGICAL CAPABILITIES

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

6 DEVELOP TALENT

- Maintain **premier network** with the **appropriate CapEx** over revenues
- 44 new automation, digitization and AI efficiency initiatives launched between '26 and '28
- Accelerate appointments of younger managers by '28

Maintain superior growth, premium positioning and infrastructure leadership

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- **Best network experience** in mobile and fixed
- Increase **digital customer interactions** to >90%

-2.5 p.p.

Fibre annual churn improvement by '28

2 EXPAND B2C OFFERING

- Develop and push **convergence nationwide**
- Grow Ecosystem with Smart Home, fintech, health and electronics

74%

Convergence over Fixed Broadband base by '28
(+6p.p. vs '25)

3 SCALE B2B

- Expand **offering and presence of Digital Services**
- Grow modern comms solutions

42%

Digital Services share of total B2B revenue by '28
(+4p.p. vs '25)

4 EVOLVE TECHNOLOGICAL CAPABILITIES

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

6 DEVELOP TALENT

- **Expand the fibre** network nationwide to enhance leadership
- Accelerate efficiencies: AI process transformation and **copper network shutdown by '28**
- Maintain position as top employer in Brazil with eNPS of 85

Become a credible challenger in convergence and B2B

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Strengthen our **#2 position** in **network quality**
- **Leverage AI** to enhance customer interactions

+7 NPS points

O2 NPS improvement by '28

2 EXPAND B2C OFFERING

- Push **Fixed Broadband and convergence**
- Strengthen **B2P partnerships**
- Shift from pre- to post-paid
- Further develop ecosystem

66%

Convergence over Fixed Broadband base by '28
(+6p.p. vs '25)

3 SCALE B2B

- Develop **robust attacker go-to-market**
- Strengthen value proposition of B2B comms

>14%

B2B Revenue CAGR '25-'28

4 EVOLVE TECHNOLOGICAL CAPABILITIES

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

6 DEVELOP TALENT

- **Secure** commercially viable **access to fixed network**
- Become most efficient Telco player in Germany
- Upskill workforce and deploy AI tools for +15% productivity

Become the premium convergence champion for UK households

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Improve **mobile network experience**
- **Expand the use of AI** and develop hyper-personalization

94%

5G outdoor coverage by '28
(+10p.p. vs '25)

2 EXPAND B2C OFFERING

- Accelerate **premium convergence**
- Grow Giffgaff brand in mobile and fibre

51%

Convergence by '28
(+9p.p. vs '25)

3 SCALE B2B

- **Accelerate B2B** leveraging **O2-Daisy integration**
- In wholesale, develop fibre business
- Remain partner of choice for wholesale mobile

c. 70 M€

Yearly OpCF synergies from O2-Daisy

4 EVOLVE TECHNOLOGICAL CAPABILITIES

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

6 DEVELOP TALENT

- Build **fibre offer** and consolidate #2 fibre position in the market
- Invest in mobile network to close the quality gap vs peers
- Execute transformational OpEx/CapEx efficiency plan through AI

Global **Business Units**...

...to be optimized and simplified



Group **operating model** defines how Telefónica's units work together



Operating Businesses to focus on in-market growth opportunities



Global Business Units to serve the Operating Businesses as catalysts for growth and efficiency



Corporate Centre to focus on Telefónica's critical functions, strategic guidance & control

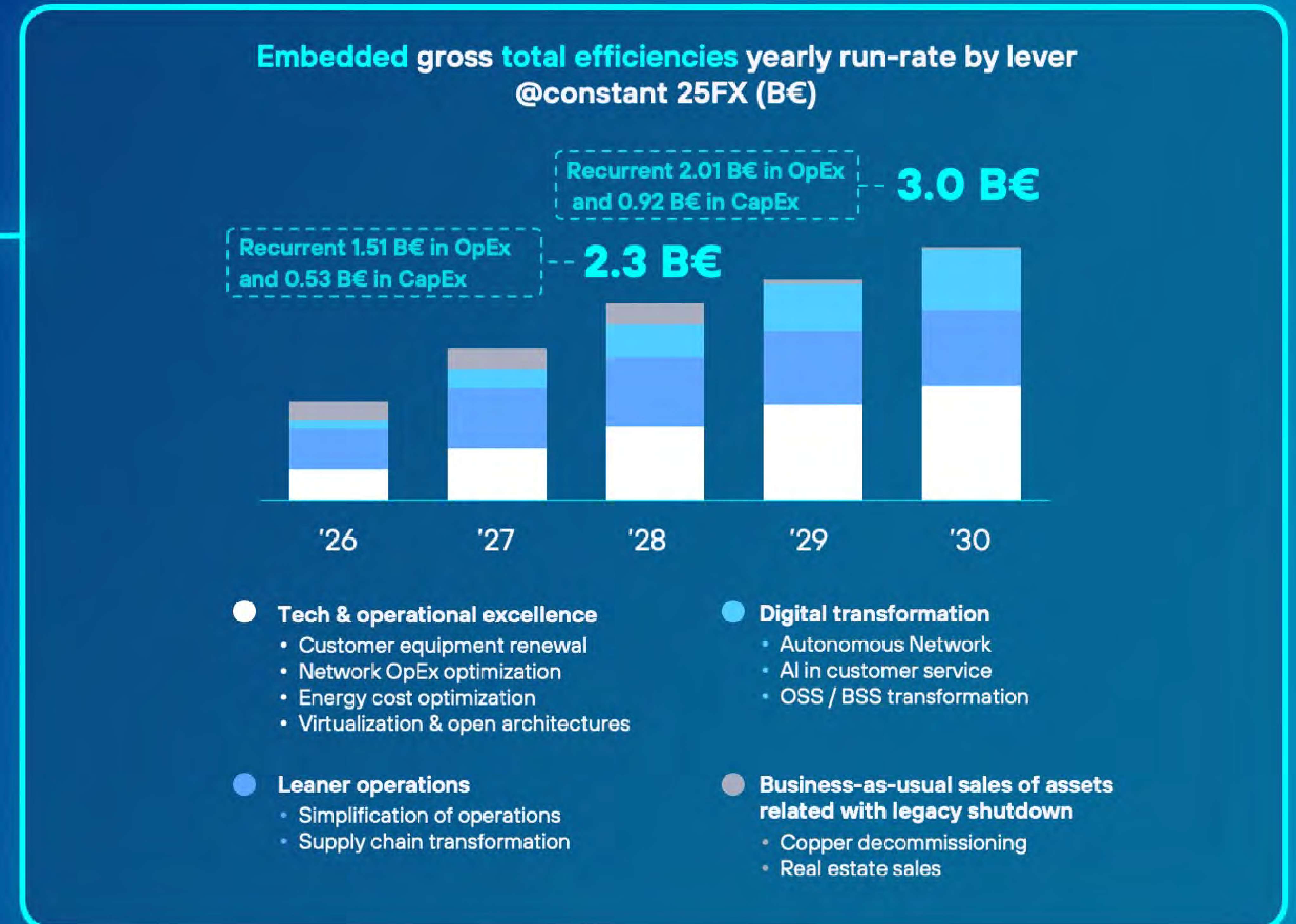
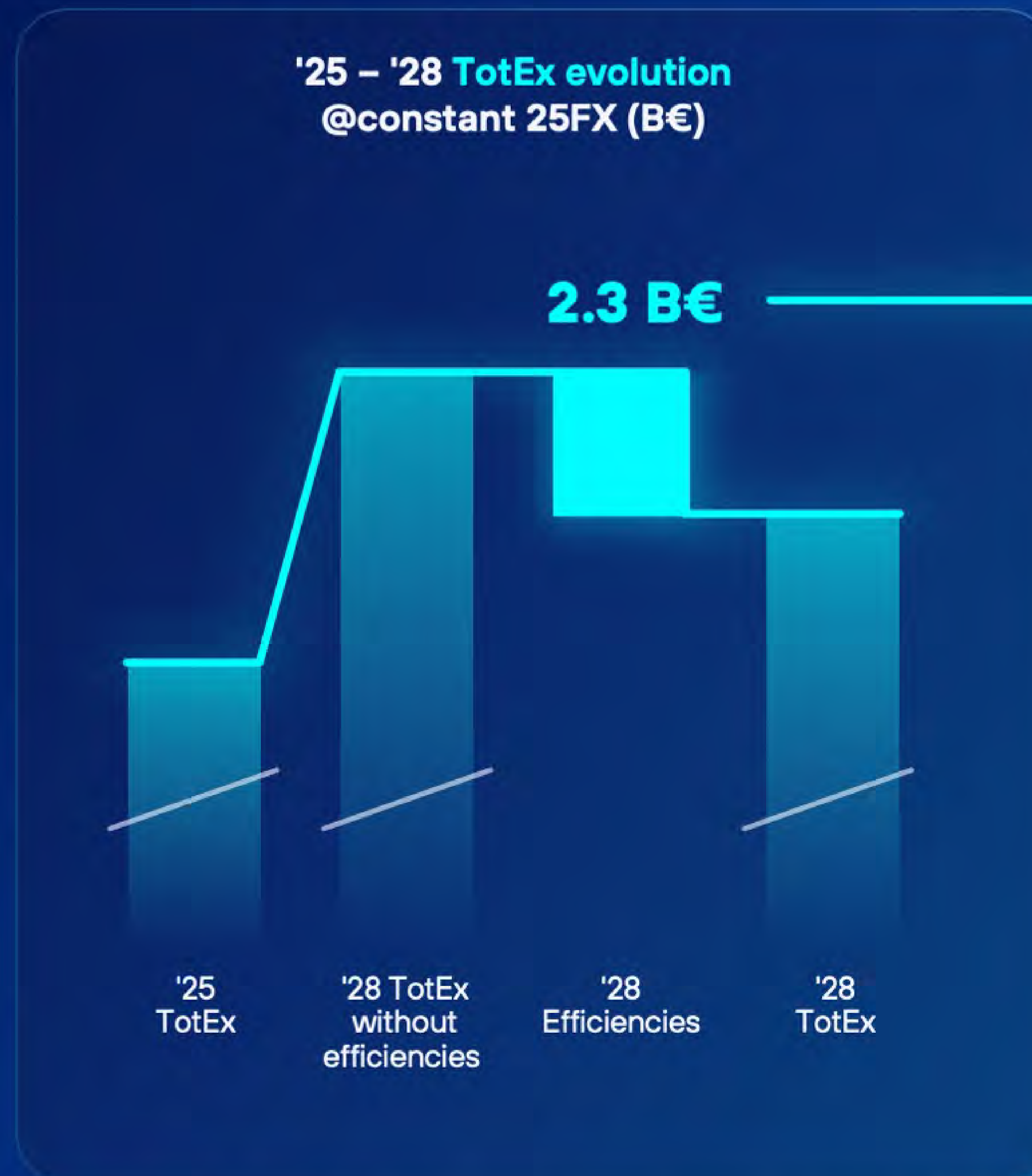


Group **simplification and resizing**

25%

Reduction in OpEx (related to operating model) in Corporate Centre and Global Business Units

Transform & Grow: Efficiency Plan



Note: TotEx stands for Total Expenditure (OpEx+CapEx), OpEx includes Leases.

Transform & Grow: Growth levers



Note: Gauges represent growth of each individual lever by '28 vs. their size in '25. Size of areas and status of gauges are indicative.

Best-in-class **European Telco**



GROWTH



SIMPLIFICATION



EFFICIENCY



EXECUTION

Strategic Plan '26-'30 Financials & Guidance

Laura Abasolo, CFCO

'26-'30 Strategic Plan: TRANSFORM & GROW

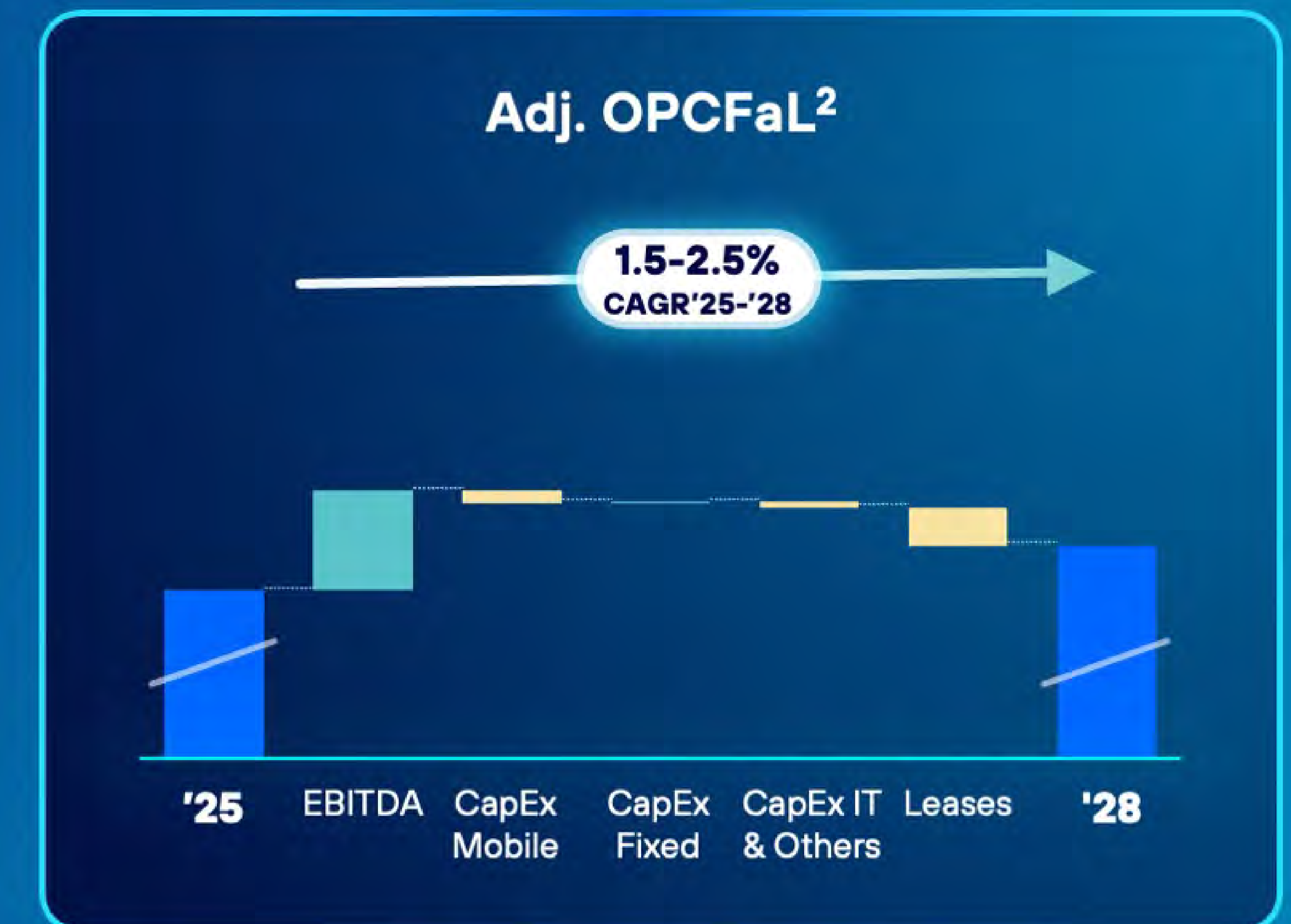
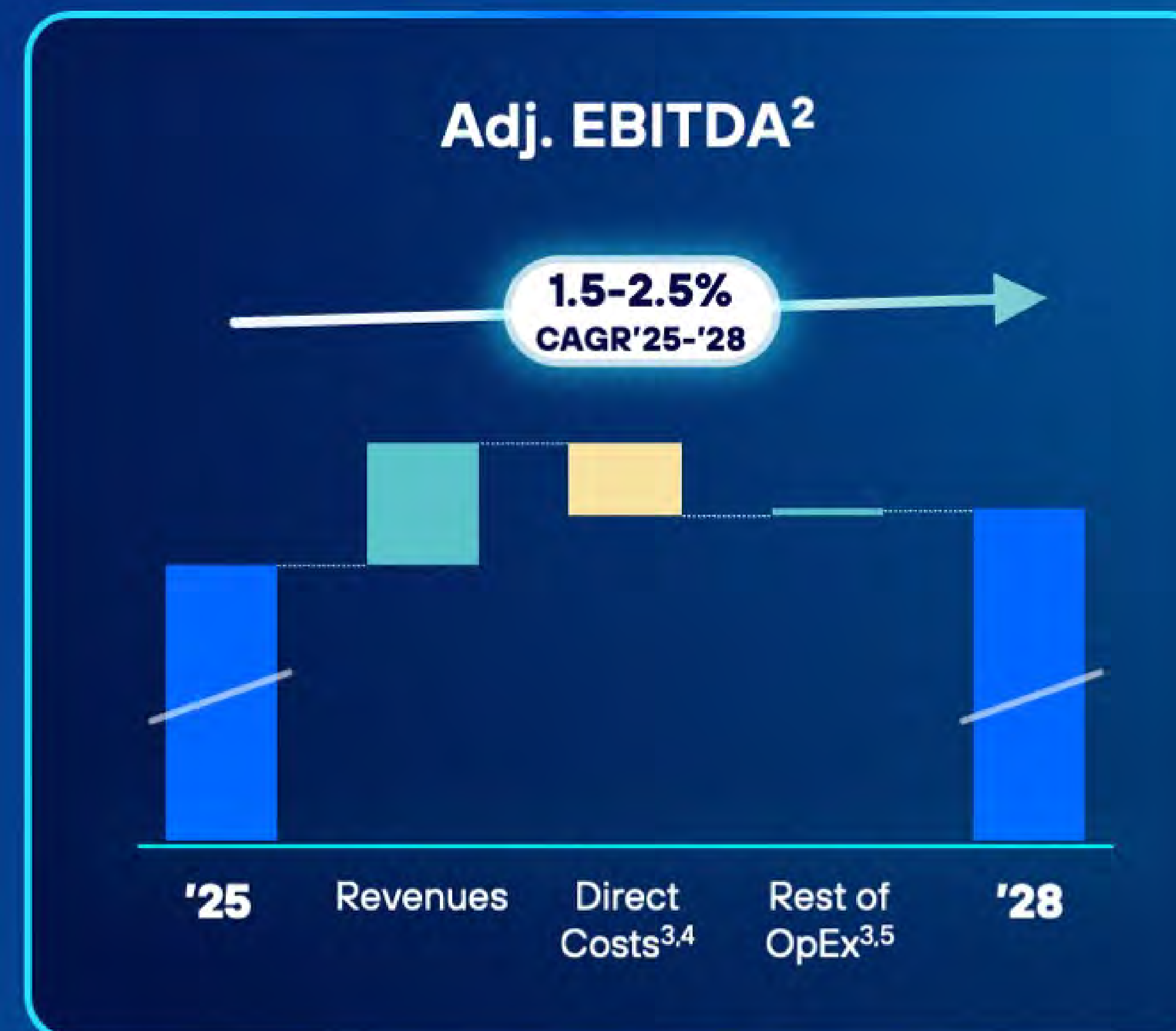
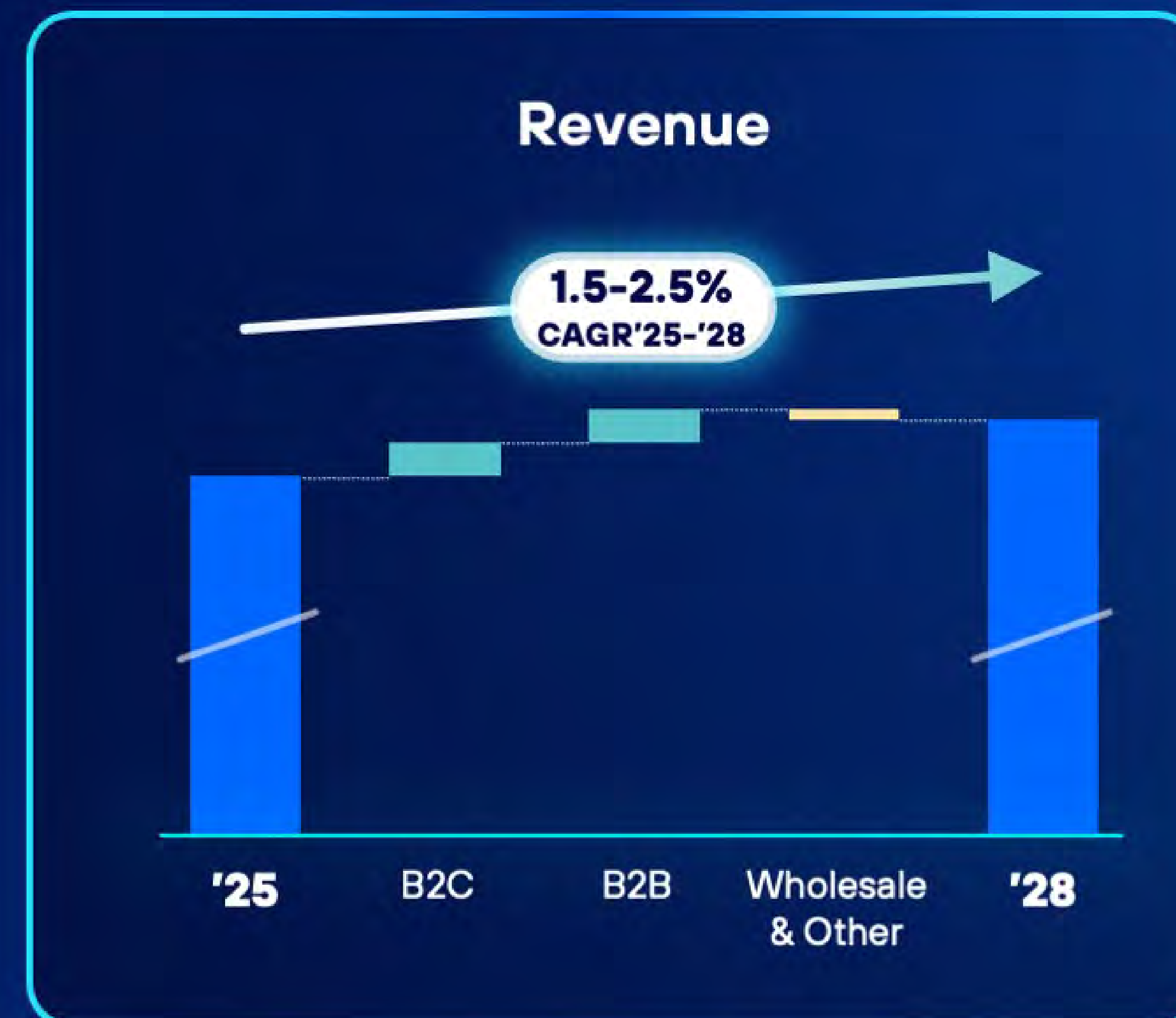
@ constant 25FX, @ constant perimeter¹

	2026	TRANSFORM & GROW	2030
		2028	
Revenues	1.5-2.5% CAGR '25-'28	2.5-3.5% CAGR '28-'30	
Adj. EBITDA²	1.5-2.5% CAGR '25-'28	2.5-3.5% CAGR '28-'30	
CapEx / Revenues	Down to ~12% in '26-'28	Down to ~11% in '30	
Adj. OpCFaL²	1.5-2.5% CAGR '25-'28	2.5-3.5% CAGR '28-'30	

1. Constant perimeter excludes Ecuador (already accounted as discontinued operation) and Colombia. 2. Adjusted figures consider constant perimeter and derived capital gains/losses, and do not include restructuring costs, write-offs and material non-recurring impacts

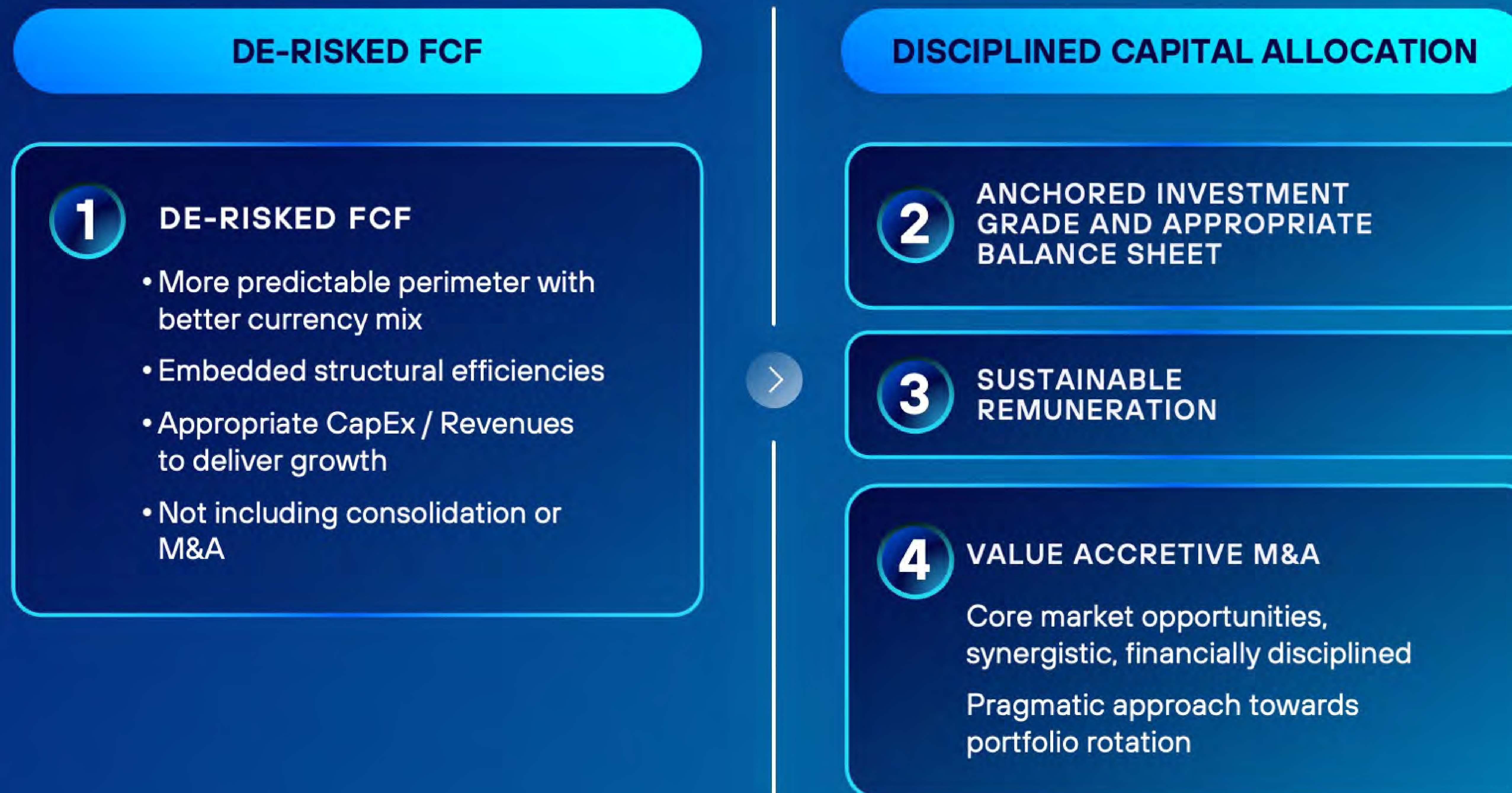
Guidance anchored on specific levers across 6 pillars

@ constant 25FX, @ constant perimeter¹



1. Constant perimeter excludes Ecuador (already accounted as discontinued operation) and Colombia; 2. Adjusted figures consider constant perimeter and derived capital gains/losses, and do not include restructuring costs, write-offs and material non-recurring impacts; 3. Including 1.5 B€ OpEx gross reduction by '28; 4. Direct service costs refer to the variable costs directly tied to service provision, including equipment purchases, enterprise services, interconnection and roaming fees, content and other direct service-related expenses; 5. Rest of OpEx includes indirect OpEx and OpEx eliminations

Financial Strategy based on de-risked FCF and disciplined capital allocation



1 De-risked FCF

FCF base for guidance

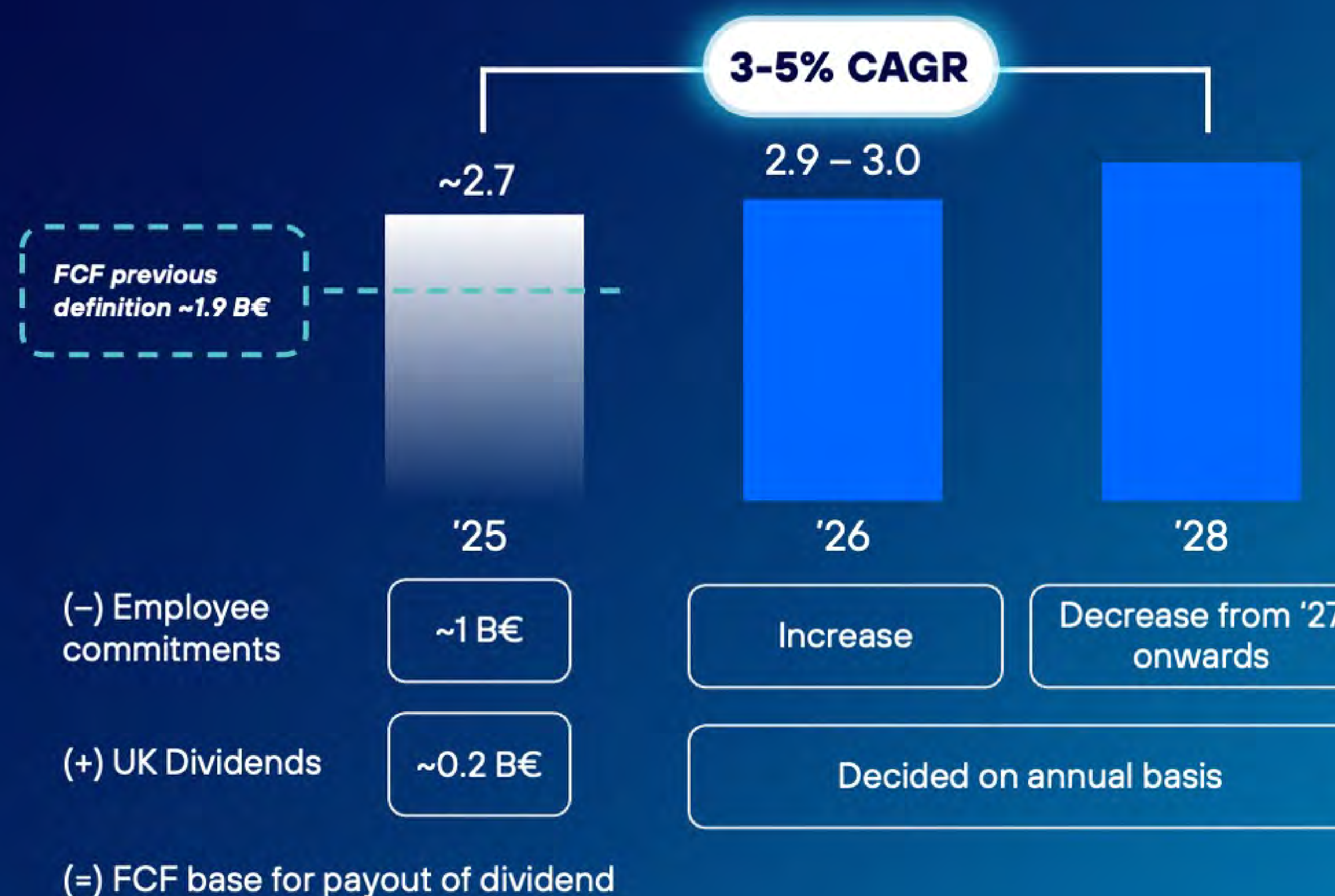
- Including continued operations¹
- Including hybrids as financial payments
- Excluding non-recurring spectrum

NEW:

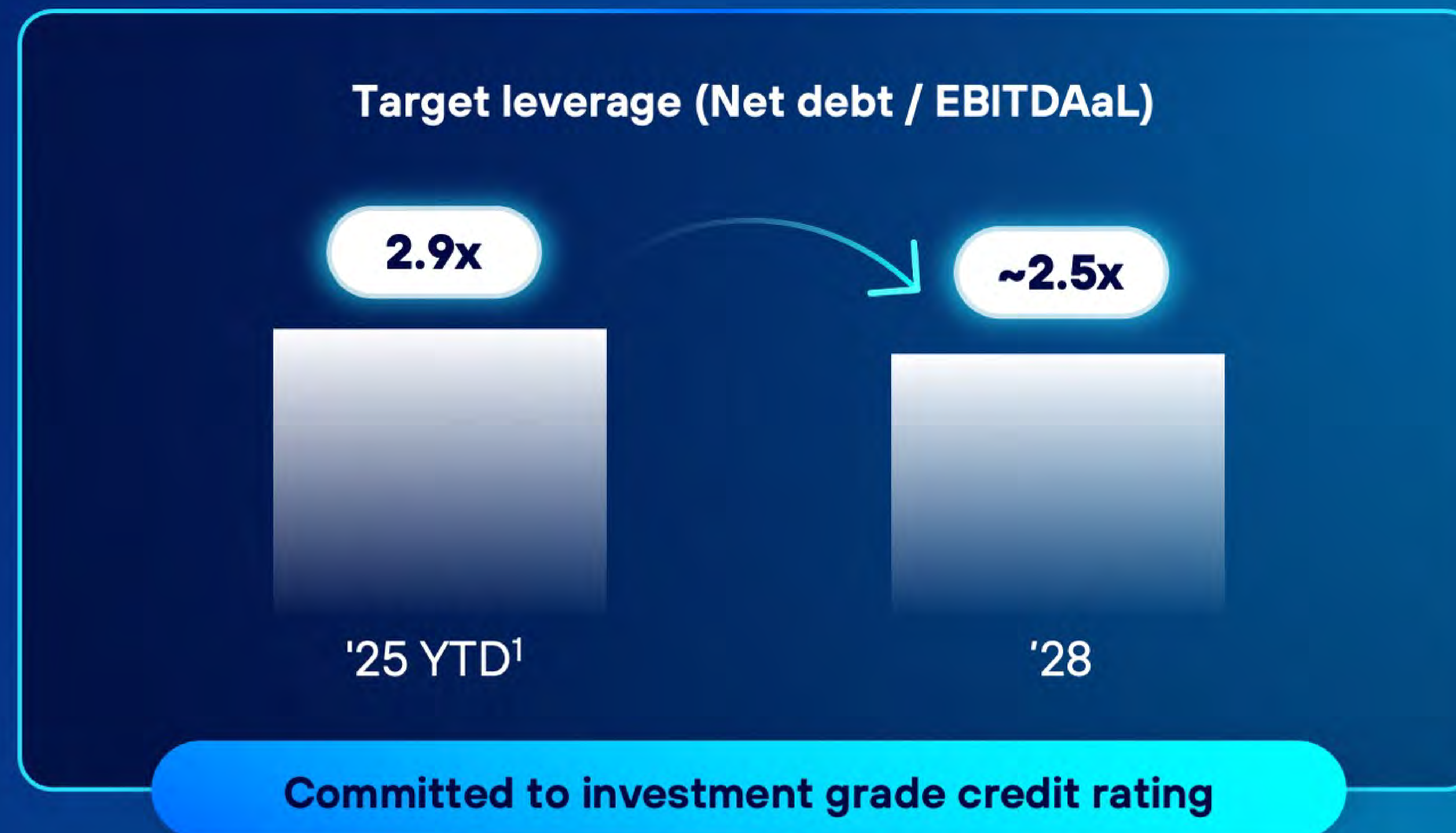
- Excluding employee commitments
- Excluding UK dividends

1. It excludes Ecuador (already accounted as discontinued operation) and Colombia.

FCF base for guidance, B€

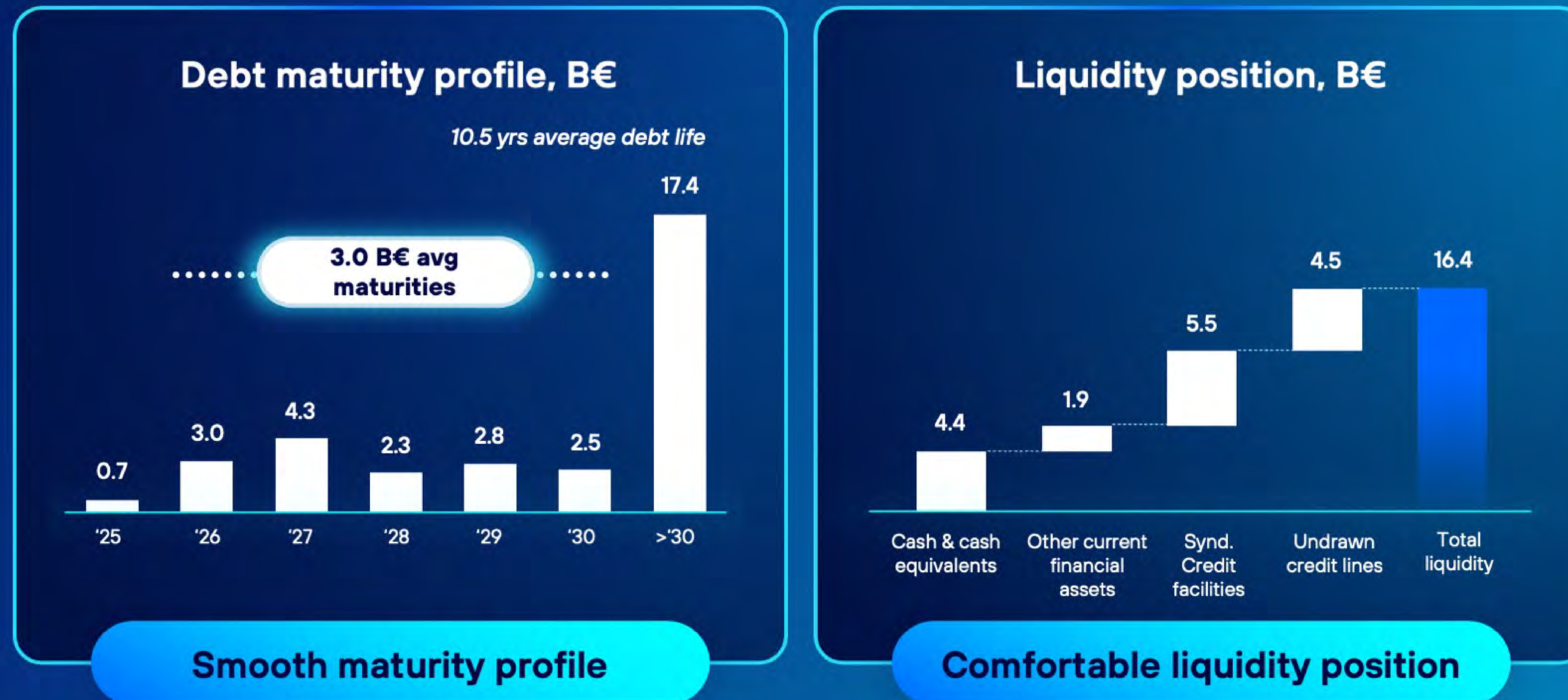


2 Anchored Investment Grade and appropriate Balance Sheet



1. As of September 30th, 2025

2 Anchored Investment Grade and appropriate Balance Sheet



3 Sustainable remuneration

Dividend policy is an integral part of our Capital Allocation strategy and will be the outcome of Telefonica's Free Cash Flow after investing in the company's future and ensuring the right financial leverage.



1. Dividend payable in cash in June of the following year.

2. FCF base for dividend = FCF base for guidance – Employee commitments + UK dividends.

4 M&A framework



VALUE ACCRETIVE TRANSACTIONS

- In core markets
- In telco core competencies
- Cost & Network accountable synergies
- Appropriate terms & remedies
- Completion of exit from HispAm



BALANCE SHEET DISCIPLINE

- Investment Grade as an axiom



STRATEGIC FLEXIBILITY

- Different ways to play consolidation: e.g. traditional M&A vs. infra sharing structures
- Potential synergies from M&A transaction as upside to the plan
- Pragmatic approach towards portfolio rotation

Guidance

	MID-TERM			LONG-TERM	
	'26	'27	'28	'29	'30
Revenues @ constant '25FX	1.5-2.5% CAGR '25-'28			2.5-3.5% CAGR '28-'30	
Adj. EBITDA¹ @ constant '25FX	1.5-2.5% CAGR '25-'28			2.5-3.5% CAGR '28-'30	
CapEx / Revenues @ constant '25FX	Down to ~12% '26-'28			Down to ~11% in '30	
Adj. OpCFaL¹ @ constant '25FX	1.5-2.5% CAGR '25-'28			2.5-3.5% CAGR '28-'30	
FCF	2.9 - 3.0 B€				
	3-5% CAGR '25-'28				
Leverage			~2.5x in '28		
Dividend²	0.15 €/share	40-60% of '27-'28 FCF base for dividend ³			

1. Adjusted figures consider constant perimeter and derived capital gains/losses, and does not include restructuring costs, write-offs and material non-recurring impacts. 2. Dividend payable in cash in June of the following year. 3. FCF base for dividend = FCF base for guidance – Employee commitments + UK dividends.

Key financial **takeaways**



DE-RISKED AND
GROWING FCF



INVESTMENT
GRADE A MUST



REMUNERATION
LINKED TO FCF



IMPROVED FINANCIAL FLEXIBILITY



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Strategic Plan '26-'30 Closing Remarks

Marc Murtra, Chairman & CEO

This Strategic Plan embodies the joint vision of the management team and the Board, and has been unanimously approved with the backing of our strategic shareholders.

Transform & Grow is the plan Telefónica needs to capture the opportunities ahead, improve financial flexibility and generate sustainable value for all shareholders.

I am here to lead Telefónica on this fabulous journey, transform and grow the Group, and make any necessary tough decisions to execute this plan. The Plan has my full and undivided commitment.

As an additional upside to the Plan, we will pursue in-market Telco consolidation to unlock profitable scale and enable value-accretive investments.



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Appendix

Business pillars KPIs

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE		2 EXPAND B2C OFFERING		3 SCALE B2B	
2028		2028		2028	
2030		2030		2030	
	+6 NPS points Avg NPS improvement in ES, BR & DE by '28	+12 NPS points Avg NPS improvement in ES, BR & DE by '30	c.74% Convergence over Fixed Broadband base ES, BR & DE by '28 (+8p.p. vs '25)	c.76% Convergence over Fixed Broadband base ES, BR & DE by '30 (+9p.p. vs '25)	c.26% B2B share of total Group revenue by '28 (+3p.p. vs. '25)
			3.4% Ecosystem ¹ revenue CAGR '25 – '28	3.5% Ecosystem ¹ revenue CAGR '25 – '30	10.2% Digital Services revenue CAGR '25 – '28
					9.8% Digital Services revenue CAGR '25 – '30
	+10 NPS points NPS improvement by '28	+19 NPS points NPS improvement by '30	44.7% Ecosystem share of total B2C revenue by '28 (+2p.p. vs '25)	45.3% Ecosystem share of total B2C revenue by '30 (+3p.p. vs '25)	12.7% Digital Services revenue CAGR '25-'28
	-2.5 p.p. Fibre annual Churn improvement by '28	-4.0 p.p. Fibre annual Churn improvement by '30	74% Convergence over Fixed Broadband base by '28 (+6p.p. vs '25)	76% Convergence over Fixed Broadband base by '30 (+7p.p. vs '25)	42% Digital Services share of total B2B revenue by '28 (+4p.p. vs '25)
	+7 NPS points O2 NPS improvement by '28	+13 NPS points O2 NPS improvement by '30	66% Convergence over Fixed Broadband base by '28 (+6p.p. vs '25)	70% Convergence over Fixed Broadband base by '30 (+10p.p. vs '25)	>14% B2B Revenue CAGR '25-'28
					12.6% B2B Revenue CAGR '25-'30
4 EVOLVE TECHNOLOGICAL CAPABILITIES					
5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL					
6 DEVELOP TALENT					

Note: Brazil KPIs adjusted to local standard, Group KPIs with standardized criteria for Telefónica's OBs; 1. Does not include handsets

Transversal pillars KPIs



Key initiatives by strategic pillar

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Improve experience of key customer touchpoints
- Create hyper-personalised, digital customer relationship
- Provide latest equipment (e.g. WiFi7, FTTR)

2 EXPAND B2C OFFERING

- Grow Ecosystem of services
- Maintain premium content position
- Expansion across connectivity (Connectivity differentiation and Travel e-SIM)

3 SCALE B2B

- Grow B2B by expanding Digital Services and double down on the Cyber services
- Grow presence in Defence sector

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- Maintain premier network with the appropriate CapEx over revenues
- Deploy XGSPON nation-wide
- Deploy new capabilities (e.g., Edge, AI services)

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

- 44 new automation, digitization and AI efficiency initiatives launched between '26 and '28
- Optimize deployment, operations and supply chain management

6 DEVELOP TALENT

- Accelerate appointments of younger managers by '28
- Develop capabilities for a customer-centric organisation

Key initiatives by strategic pillar

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Best network experience in mobile and fixed
- Increase digital customer interactions to >90%
- Increase monitoring, proactive resolution and client expectation management

2 EXPAND B2C OFFERING

- Develop and push convergence nationwide
- Grow Ecosystem with Smart Home, fintech, health and electronics

3 SCALE B2B

- Expand offering and presence of Digital Services
- Grow modern comms solutions
- Expand presence in specific industry verticals
- New network slicing offering

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- Expand the fibre network nationwide to enhance leadership (XGSPON rollout and Wi-Fi 7)
- Prepare mobile network for the future: 1:1 4G/5G coverage
- Modernize IT stack

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

- Accelerate efficiencies: AI process transformation and copper network shutdown by '28
- Automate network journey using AI

6 DEVELOP TALENT

- Maintain position as top employer in Brazil with eNPS of 85
- Reskill workforce to build future capabilities
- Strengthen diversity balance within Vivo

Key initiatives by strategic pillar

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Strengthen our #2 position in network quality
- Leverage AI to enhance customer interactions

2 EXPAND B2C OFFERING

- Push Fixed Broadband and convergence
- Strengthen B2P partnerships
- Shift from pre- to post-paid
- Further develop ecosystem

3 SCALE B2B

- Develop robust attacker go-to-market
- Strengthen value proposition of B2B comms

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- Secure commercially viable access to fixed network
- Increase network sharing
- Invest in network quality (capacity and coverage)
- Finalize operational systems modernization

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

- Become most efficient Telco player in Germany
- Simplify organization
- Automate processes leveraging AI
- Deliver efficiency program with focus on commercial, technology and sales

6 DEVELOP TALENT

- Upskill workforce and deploy AI tools for +15% productivity
- Manage workforce demographics incl. talent refresh

Key initiatives by strategic pillar

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Improve mobile network experience (deploy new spectrum, uplift capacity and complete 5G upgrade rollout)
- Expand the use of AI in key client interactions
- Develop hyper-personalization

2 EXPAND B2C OFFERING

- Accelerate premium convergence with refreshed commercial approach
- Grow Giffgaff brand in mobile and fibre
- Enhance premium content proposition to maintain market leadership

3 SCALE B2B

- Accelerate B2B leveraging O2-Daisy integration
- In wholesale, develop fibre business
- Remain partner of choice for wholesale mobile

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- Build fibre offer and consolidate #2 fibre position in the market
- Invest in mobile network to close the quality gap vs peers

5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

- Execute transformational OpEx/CapEx efficiency plan through AI
- Enhance delivery capability & drive significant cost reduction via IT ESA

6 DEVELOP TALENT

- Transform to a high-performance, customer driven culture

B2C Ecosystem by core market

Ecosystem portfolio offered

	Health services
	Financial services
	Home services
	Digital Services
	Entertainment
	Devices

				
Health platforms		☒		
FinTech		☒		
Device and other insurances	☒	☒	☒	☒
Alarms	☒			
Smart Home	☒	☒		
Advertising	☒	☒		☒
Digital Protection	☒	☒	☒	☒
Other digital products	☒	☒	☒	☒
IPTV	☒	☒		☒
OTT	☒	☒	☒	☒
Other devices	☒	☒	☒	☒
Handsets	☒	☒	☒	☒

Telefónica Tech: Key Digital Services offering in '25



Supported by a broad ecosystem of >60 partnerships with international industry leaders

Note: Does not include HispAm

AI initiatives by strategic pillar

1 DELIVER BEST-IN-CLASS CUSTOMER EXPERIENCE

- Consistent AI-powered CX through all channels (contact centre, instore, written enquiries)
- New AI contact centre
- Hyper-personalized B2C offerings (AI-powered evolution of Video services, Advanced comms services across Voice and RCS, etc.)
- Personalized recommendation engine in B2B

2 EXPAND B2C OFFERING

- Integrated of B2C catalogue and channels (e.g., New Stack B2C)
- AI predictions for Next Best Offer
- AI devices (e.g., AI glasses)
- AI content automation
- Home ecosystem: AI-enabled services in the router

3 SCALE B2B

- AI embedded in all products and services (Telefónica Tech)
- AI for B2B funnel management
- AI-assisted answers to RFPs
- Incorporate AI in B2B offering to close the agentic gap (i.e. AI-enabled SOC)

4 EVOLVE TECHNOLOGICAL CAPABILITIES

- Optimized radio access network
- Plan network and innovation prioritizing ROI (e.g., AI agents for Future Network)
- Evolve automation using AI operations to reduce manual interventions
- Advancing autonomous AI-driven cybersecurity for next-generation threats

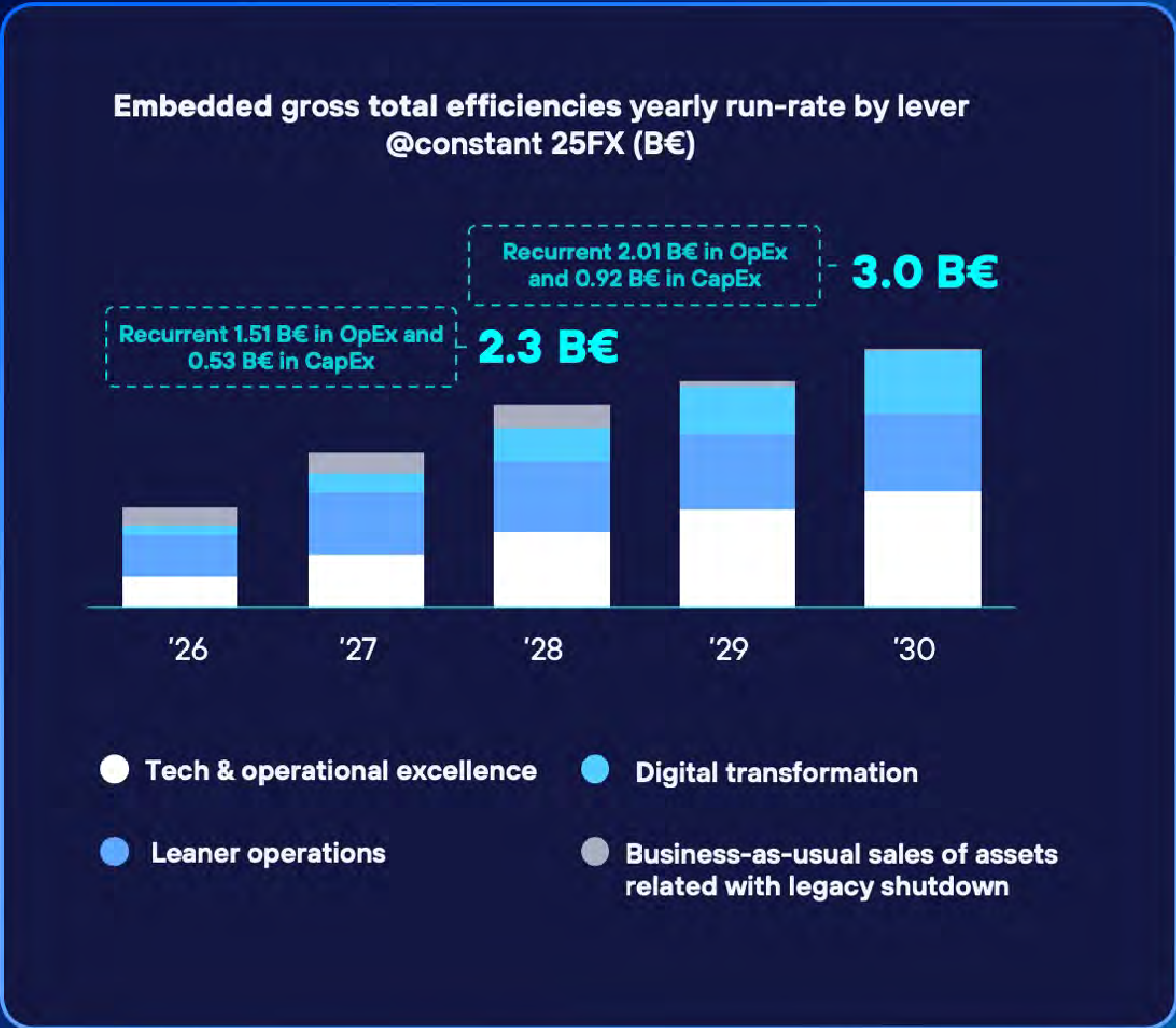
5 SIMPLIFY TELEFÓNICA'S OPERATING MODEL

- B2C Call Center AI optimization, evolving into a Service Experience Centre
- B2B optimized billing and revenue mgmt.
- Automated E2E process for internal operations (e.g., procurement, payroll)

6 DEVELOP TALENT

- General AI tools (e.g. Copilot, PeoplePortal)
- AI trainings (e.g. AI for All, AI for Executives)
- AI-enhanced recruiting through intelligent screening
- Expand technological talent & strengthen collaboration with start-up ecosystems

Transform & Grow: Efficiency Plan



Note: OpEx includes leases

Detailed initiatives by lever

Technological & Operational	• Equipment renegotiation • Energy cost optimization • Leases renegotiation • Operations optimizations • Virtualization & open architectures • Supply chain transformation
Digital Transformation	• Autonomous Network Journey • B2C call centers AI virtual assistant • AI Sales • IT optimization programs
Leaner operations	• Simplification of operations • Restructuring • Insourcing
Business-as-usual sales of assets related with legacy shutdown	• Copper sales • Technical buildings (central offices) sales

Exchange rates used in Transform & Grow November '25 business plan

EXCHANGE RATES APPLIED TO P&L/FCF AND CAPEX¹ (average exchange rate for the period)

Currency units per Euro	2025	2026	2027	2028	2029	2030
USA (US Dollar)	1.13	1.18	1.19	1.18	1.18	1.18
United Kingdom (Sterling)	0.86	0.88	0.89	0.88	0.88	0.87
Brazil (Brazilian Real)	6.35	6.46	6.55	6.56	6.59	6.67
Chile (Chilean Peso)	1,084	1,149	1,123	1,041	1,003	1,003
Mexico (Mexican Peso)	22.0	23.0	23.2	22.6	22.4	22.4
Venezuela (Bolivar Digital)²	337	645	1,056	1,691	2,283	2,853

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION¹ (exchange rate as of the end of the period)

Currency units per Euro	2025	2026	2027	2028	2029	2030
USA (US Dollar)	1.19	1.19	1.18	1.18	1.18	1.18
United Kingdom (Sterling)	0.87	0.89	0.88	0.88	0.87	0.87
Brazil (Brazilian Real)	6.55	6.52	6.58	6.54	6.64	6.69
Chile (Chilean Peso)	1,122	1,168	1,079	1,003	1,003	1,003
Mexico (Mexican Peso)	23.4	23.6	22.8	22.4	22.4	22.4
Venezuela (Bolivar Digital)²	337	645	1,056	1,691	2,283	2,853

1. Projections based on external estimates. 2. Following the consideration of Venezuela economy as hyperinflationary from an accounting perspective, the operation is adjusted by inflation and is to be accounted at its corresponding closing exchange vs the Euro. Telefónica uses a synthetic exchange rate based on 'Bolivar Digital'. After the endorsement of IAS 21 by the EU in 2024, the mechanism for the calculation of the synthetic exchange rate has been modified.

