



JANUARY - JUNE 2021

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Telefónica

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DISCLAIMER

The financial information related to 2020 and 2021 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. This information is unaudited.

Changes to the consolidation perimeter

During January-June 2021, the following changes have been made to the consolidation perimeter:

- On 1 June 2021, following the agreement reached between Telefónica and Liberty Global plc to combine into a 50-50 joint venture (JV) their operating businesses in the UK, after obtaining the relevant regulatory approvals, consummation of the necessary recapitalisations and satisfaction of other closing conditions, the closing of the transaction was carried out, resulting in the combination of both businesses into the JV called VMED O2 UK Ltd.
- On 1 June 2021, following the agreement reached between Telxius Telecom, S.A and American Tower International, Inc for the sale of Telxius telecommunications towers division and once obtaining the relevant regulatory approvals in Spain and Germany, the closing of the sale of the telecommunication towers division located in Europe was carried out.
- Subsequently, on 3 June 2021, in relation to the above agreement, the closing of the sale of the telecommunication towers division located in Latin America (Brazil, Peru, Chile and Argentina) was carried out.

Reporting perimeter

Following the constitution of the **VMED O2 UK JV** on June 1, 2021, T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK JV has been accounted for by the equity method. Therefore, T. UK segment include its results until June 1, 2021. On the other hand, the information corresponding to the 50% of the VMED O2 JV's revenue, OIBDA, CapEx and OIBDA-CapEx for the month of June 2021 has been provided.

T. Infra is no longer a reportable segment and therefore its results have been included in "Other companies and eliminations" line since Q1 21, which has been restated including T. Infra since January 2020 for comparative purposes. Following the exit from the perimeter of consolidation of Telxius towers division since June 1, 2021, "Other companies & eliminations" line include the results of T. Infra related with Telxius tower business until June 1, 2021.

T. Tech: Reported perimeter in 2021 refers to "Telefónica Tech" once the business carve-out and transfer of assets from different OB's is completed. For comparative purposes, "Telefónica Tech" proforma perimeter for 2020 has been calculated to report a y-o-y change estimated according to the perimeter of Tech's revenues.

Accesses & KPIs

New information has been included since Q2 21 (in the Segments applicable) and is also given for comparative purposes from January 2020:

- UBB Premises Passes of the VMED O2 UK JV.
- Accesses of the VMED O2 UK JV.

While since Q1 21 (in the Segments applicable) and also given for comparative purposes from January 2020:

- FTTH Uptake (%) is included in KPIs tables for the Group and the OBs. It is calculated as FTTH retail and wholesale accesses connected to the OB's owned FTTH premises passed.

Furthermore, since the first quarter of 2021, information regarding Key Holdings of the Telefónica Group has been included in this document.

TELEFÓNICA

ACCESSES

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
Retail Accesses	336,610.7	331,436.4	335,158.7	339,715.9	341,122.6	343,474.8
Fixed telephony accesses	34,927.7	34,172.2	33,371.1	32,706.1	32,006.5	31,395.9
Broadband	25,798.1	25,640.2	25,578.8	25,497.5	25,586.7	25,662.6
UBB	19,713.4	19,943.6	20,314.8	20,633.1	21,071.9	21,481.7
FTTH	8,565.7	8,950.3	9,486.8	9,964.2	10,574.6	11,142.7
Mobile accesses	263,652.7	259,467.7	264,224.9	269,643.1	271,780.1	274,917.0
Prepay	129,784.0	126,336.4	128,978.9	131,676.4	131,508.6	131,764.2
Contract	109,181.1	108,856.6	110,022.0	111,808.9	113,511.4	114,988.2
IoT	24,687.6	24,274.6	25,224.0	26,157.7	26,760.1	28,164.6
Pay TV	11,909.1	11,832.7	11,665.4	11,557.5	11,447.2	11,258.2
Wholesale Accesses	22,327.0	22,554.7	23,068.9	22,455.0	23,066.4	23,747.4
Fixed wholesale accesses	3,793.6	3,753.1	3,742.5	3,722.8	3,698.1	3,679.6
Mobile wholesale accesses	18,533.4	18,801.6	19,326.4	18,732.1	19,368.3	20,067.8
Total Accesses	358,937.7	353,991.1	358,227.6	362,170.9	364,189.0	367,222.2

Notes:

- VMED O₂ UK JV accesses have been included since June 2021 and are also reported for comparative purposes from January 2020.

- FTTH accesses includes Spain, Brazil and Hispam connections.

OWN UBB COVERAGE

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
UBB Premises passed (1)	71,808.5	73,321.6	75,283.3	77,110.6	78,574.9	80,370.9
FTTH	41,082.9	42,952.5	45,611.0	47,824.2	49,271.3	51,444.9
Up-Take FTTH	26%	26%	26%	26%	27%	27%

Notes:

(1) As of June 2021 include VMED O₂ UK JV UBB premises passed have been included since June 2021 and are also reported for comparative purposes from January.

- FTTH and Up-Take FTTH includes premises passed and connections in Spain (including wholesale), Brazil and Hispam.

TELEFÓNICA
CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020					2021	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	11,366	10,340	10,461	10,909	43,076	10,340	9,964
Other income	374	309	320	584	1,587	316	10,559
Operating expenses	(7,970)	(7,219)	(7,315)	(7,725)	(30,230)	(7,233)	(7,036)
Impairments & losses on disposal of assets	(9)	(115)	(795)	(16)	(935)	(7)	(18)
<i>Underlying operating income before D&A (OIBDA)</i>	<i>3,802</i>	<i>3,430</i>	<i>3,518</i>	<i>3,732</i>	<i>14,481</i>	<i>3,494</i>	<i>3,270</i>
Operating income before D&A (OIBDA)	3,760	3,315	2,672	3,751	13,498	3,417	13,469
<i>OIBDA Margin</i>	<i>33.1%</i>	<i>32.1%</i>	<i>25.5%</i>	<i>34.4%</i>	<i>31.3%</i>	<i>33.0%</i>	<i>135.2%</i>
Depreciation and amortisation	(2,669)	(2,282)	(2,128)	(2,280)	(9,359)	(2,023)	(2,116)
Operating income (OI)	1,091	1,033	544	1,471	4,139	1,394	11,353
Share of profit (loss) of investments accounted for by the equity method	1	3	2	(4)	2	(4)	(64)
Net financial income (expense)	(428)	(321)	(532)	(278)	(1,558)	(240)	(312)
Profit before taxes	664	716	14	1,189	2,583	1,150	10,977
Corporate income tax	(196)	(224)	(108)	(98)	(626)	(206)	(994)
Profit for the period	468	491	(93)	1,091	1,957	944	9,983
Attributable to equity holders of the Parent	406	425	(160)	911	1,582	886	7,743
Attributable to non-controlling interests	62	66	67	180	375	58	2,240
Weighted average number of ordinary shares outstanding during the period (millions)	5,663	5,699	5,679	5,631	5,668	5,619	5,609
Basic and diluted earnings per share attributable to equity holders of the Parent (Euros)	0.06	0.07	(0.04)	0.15	0.23	0.14	1.37
<i>Underlying basic and diluted earnings per share attributable to equity holders of the Parent (Euros)</i>	<i>0.10</i>	<i>0.11</i>	<i>0.12</i>	<i>0.17</i>	<i>0.50</i>	<i>0.18</i>	<i>0.09</i>

Notes:

- 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. On the other hand, the denominator is retrospectively adjusted for transactions that have changed the number of shares outstanding without a corresponding change in resources (as if such transactions had occurred at the beginning of the earliest period presented). For instance, the bonus share issue carried out to meet the scrip dividends paid in July and December 2020, and June 2021, have been taken into account.

- Basic and diluted 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" (€ 12.6 m in January-June 2021 and € 14.2 m in January-June 2020), by the weighted average number of ordinary shares outstanding during the period.

- Telefónica a Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

CONSOLIDATED REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	11,366	10,340	10,461	10,909	43,076	10,340	9,964
Handsets	1,258	1,050	1,235	1,547	5,089	1,226	1,098
Service Revenues	10,108	9,290	9,227	9,361	37,986	9,114	8,866
% over service revenues							
Voice & Access	33%	31%	31%	30%	31%	29%	30%
BB & SoC	65%	67%	68%	68%	67%	70%	70%
Others	2%	2%	1%	1%	2%	1%	0%

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

REVENUES BREAKDOWN

Unaudited figures (Euros in millions)

	2020					2021	
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	3,078	3,028	3,103	3,192	12,401	3,050	3,045
T. DEUTSCHLAND	1,846	1,790	1,873	2,023	7,532	1,850	1,893
T. UK	1,739	1,632	1,596	1,742	6,708	1,552	1,076
T. BRASIL	2,215	1,739	1,720	1,748	7,422	1,645	1,672
T. HISPAM	2,204	1,881	1,903	1,934	7,922	1,939	2,007
Other companies and eliminations	284	270	266	270	1,091	304	271
TOTAL GROUP	11,366	10,340	10,461	10,909	43,076	10,340	9,964
TOTAL GROUP (adding 50% VMED O2 UK JV in June)	-	-	-	-	-	-	10,443

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

OIBDA BREAKDOWN

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	1,225	1,211	1,298	1,311	5,046	1,194	1,158
T. DEUTSCHLAND	532	563	577	637	2,309	557	616
T. UK	516	496	516	535	2,064	547	372
T. BRASIL	951	716	719	802	3,188	702	778
T. HISPAM	502	361	(344)	471	990	396	373
Other companies and eliminations	35	(32)	(96)	(5)	(98)	21	10,173
TOTAL GROUP	3,760	3,315	2,672	3,751	13,498	3,417	13,469
TOTAL GROUP (adding 50% VMED O2 UK JV in June)	-	-	-	-	-	-	13,645

Notes:

- OIBDA before management and brand fees.

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

OIBDAaL BREAKDOWN

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	1,153	1,135	1,224	1,236	4,748	1,118	1,062
T. DEUTSCHLAND	398	423	429	513	1,764	404	468
T. UK	461	475	514	535	1,985	545	370
T. BRASIL	827	606	621	660	2,713	578	639
T. HISPAM	366	233	(465)	330	463	273	242
Other companies and eliminations	61	(1)	(54)	25	30	98	10,234
TOTAL GROUP	3,265	2,872	2,269	3,298	11,703	3,016	13,015

Notes:

- OIBDA before management and brand fees.

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

CAPEX BREAKDOWN

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
T. ESPAÑA	344	304	376	384	1,408	334	386
T. DEUTSCHLAND	224	251	251	368	1,094	228	280
T. UK	221	185	205	302	913	768	166
T. BRASIL	337	328	287	420	1,372	295	353
T. HISPAM	325	133	155	220	833	350	151
Other companies and eliminations	32	35	72	101	241	32	60
TOTAL GROUP	1,485	1,236	1,346	1,795	5,861	2,006	1,394
Spectrum	-	-	-	126	126	668	6
TOTAL GROUP (adding 50% VMED O2 UK JV in June)	-	-	-	-	-	-	1,488

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited figures (Euros in millions)

	2020				2021	
	March	June	September	December	March	June
Non-current assets	89,440	75,913	72,475	71,396	69,568	84,014
Intangible assets	14,545	12,191	11,645	11,488	11,286	11,115
Goodwill	23,290	17,976	17,020	17,044	16,793	17,124
Property, plant and equipment	29,794	25,675	24,428	23,769	23,063	23,163
Rights of Use	6,209	5,414	5,230	4,982	5,197	7,276
Investments accounted for by the equity method	440	433	391	427	443	12,406
Financial assets and other non-current assets	8,952	7,901	7,571	7,270	6,475	7,183
Deferred tax assets	6,209	6,323	6,191	6,416	6,311	5,747
Current assets	22,513	34,487	33,397	33,655	33,442	29,596
Inventories	1,626	1,467	2,075	1,718	1,486	1,523
Receivables and other current assets	10,073	7,998	7,734	7,523	7,586	8,037
Tax receivables	1,255	1,185	1,106	902	949	1,359
Other current financial assets	3,723	3,609	3,240	2,495	1,498	2,738
Cash and cash equivalents	5,021	6,815	5,913	5,604	4,940	14,522
Non-current assets and disposal groups held for sale (1)	815	13,413	13,328	15,413	16,983	1,417
Total Assets = Total Equity and Liabilities	111,953	110,400	105,872	105,051	103,010	113,610
Equity	21,474	19,501	17,416	18,260	19,152	32,599
Equity attributable to equity holders of the parent and other holders of equity instruments	14,135	12,687	10,866	11,235	12,227	23,362
Equity attributable to non-controlling interests	7,339	6,814	6,551	7,025	6,925	9,237
Non-current liabilities	61,840	61,845	59,468	58,674	56,609	56,553
Non-current financial liabilities	43,588	44,636	42,861	42,297	40,451	38,141
Non-current lease liabilities	4,771	4,214	4,036	4,039	4,174	5,854
Payables and other non-current liabilities	2,834	2,600	2,679	2,561	2,547	2,870
Deferred tax liabilities	2,682	2,577	2,346	2,620	2,647	2,806
Non-current provisions	7,965	7,818	7,546	7,157	6,790	6,882
Current liabilities	28,639	29,054	28,988	28,117	27,249	24,458
Current financial liabilities	9,740	9,471	9,677	8,123	7,832	7,512
Current lease liabilities	1,601	1,469	1,567	1,255	1,227	1,821
Payables and other current liabilities	12,809	10,834	10,674	10,912	10,413	11,287
Current tax payables	2,618	1,918	1,771	1,732	1,656	2,089
Current provisions	1,516	1,379	1,364	1,304	1,311	1,354
Liabilities associated with non-current assets and disposal groups held for sale (1)	355	3,983	3,935	4,791	4,809	395

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

(1) As of June 2021 includes assets and liabilities of T. Costa Rica, as well as those related to the second tranche of the sale of towers of T. Deutschland to Telxius, FIBrasil, InfraCo Chile and other companies. As of December 2020 includes assets and liabilities of T. UK and T. Costa Rica, as well as assets and liabilities subject to the agreement of Telxius Telecom with American Tower Corporation, reclassified as held for sale.

TELEFÓNICA

CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures (Euros in millions)

	2020				2021	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Cash received from operations	14,010	25,782	38,362	51,353	12,751	24,368
Cash paid from operations	(10,912)	(19,240)	(27,931)	(36,477)	(9,517)	(18,238)
Net payments of interest and other financial expenses net of dividends received	(666)	(897)	(1,056)	(1,171)	(571)	(777)
Taxes proceeds/(paid)	(173)	(357)	(462)	(509)	(107)	(241)
Net cash flow provided by operating activities	2,259	5,288	8,913	13,196	2,556	5,112
(Payments)/proceeds on investments in property, plant and equipment and intangible assets, net	(1,749)	(3,493)	(5,272)	(7,020)	(2,184)	(3,550)
Proceeds on disposals/ (payments on investments) in companies, net of cash and cash equivalents disposed	11	6	(38)	2	38	13,186
Proceeds/(payments) on financial investments and placements of cash surpluses not included under cash equivalents	1,074	1,455	(149)	(772)	16	(1,026)
Net cash flow used in investing activities	(664)	(2,032)	(5,458)	(7,790)	(2,130)	8,610
Dividends paid	(164)	(336)	(853)	(1,296)	(52)	(498)
Proceeds from share capital increase	-	-	-	323	-	-
Proceeds/(payments) of treasury shares and other operations with shareholders and with minority interests	(11)	(5)	(213)	(223)	(16)	(112)
Operations with other equity holders (1)	(904)	(930)	(983)	(1,020)	61	19
Proceeds on issue of debentures and bonds, loans, borrowing and promissory notes, and other debts	2,095	6,263	7,977	8,527	3,557	2,179
Repayments of debentures and bonds, and other debts and repayments of loans, borrowings and promissory notes	(2,586)	(5,884)	(7,515)	(9,580)	(3,830)	(5,259)
Lease Principal Payments	(557)	(891)	(1,215)	(1,787)	(545)	(916)
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(140)	(231)	(259)	(382)	(61)	(124)
Net cash used in financing activities	(2,267)	(2,014)	(3,062)	(5,438)	(886)	(4,711)
Effect of changes in exchange rates, cash reclassified to assets held for sale, effect of changes in consolidation methods and others	(349)	(469)	(522)	(406)	(204)	(93)
Net increase (decrease) in cash and cash equivalents during the year	(1,021)	773	(129)	(438)	(664)	8,918
Cash and cash equivalents at the beginning of the period	6,042	6,042	6,042	6,042	5,604	5,604
Cash and cash equivalents at the end of the period	5,021	6,815	5,913	5,604	4,940	14,522

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

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

TELEFÓNICA

CHANGE IN DEBT

Unaudited figures (Euros in millions)

	2020				2021	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Net financial debt at beginning of period	37,744	37,744	37,744	37,744	35,228	35,228
+ Free Cash Flow including Lease Principal Payments	(233)	(1,222)	(2,801)	(4,794)	(33)	(910)
+ Hybrids	723	723	723	723	(211)	(211)
+ Shareholder remuneration (including hybrid coupons)	351	372	1,003	1,022	215	620
+ Pre-retirement commitments	284	493	697	963	231	466
+ Net financial investments (1)	4	(9)	41	18	(11)	(12,071)
+ FX & Others	(651)	(900)	(733)	(449)	377	29
Net financial debt at end of period	38,223	37,201	36,676	35,228	35,796	23,152
+ Lease Liabilities	6,531	6,436	6,316	6,469	6,584	7,874
Net Financial Debt plus Lease Liabilities at end of period	44,754	43,637	42,992	41,697	42,380	31,026

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O₂ UK joint venture has been accounted for by the equity method since June 1, 2021.

(1) January-June 2021 includes €5.0bn related with the UK JV and €4.1bn with Telxius towers sale (post estimated distribution of proceeds to Telxius minorities).

- **Net financial debt stood at €26.2bn as of June 2021 post estimated distribution of proceeds to Telxius minorities.**

TELEFÓNICA

RECONCILIATIONS OF CASH FLOW AND OIBDA MINUS CAPEX

Unaudited figures (Euros in millions)

	2020				2021	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan -Dec	Jan - Mar	Jan - Jun
OIBDA	3,760	7,075	9,747	13,498	3,417	16,886
- CapEx accrued during the period	(1,485)	(2,721)	(4,067)	(5,861)	(2,006)	(3,400)
- Non-cash items & Others (1)	(2)	110	939	906	26	(10,148)
- Working Capital	(640)	(921)	(764)	189	(177)	(313)
- Net interest payment	(666)	(897)	(1,056)	(1,171)	(571)	(777)
- Payment for tax	(173)	(357)	(462)	(509)	(107)	(241)
- Dividends paid to minority shareholders	(4)	(175)	(322)	(471)	(3)	(181)
= Free Cash Flow excluding Lease Principal Payments	790	2,113	4,016	6,581	579	1,826
- Lease Principal Payments	(557)	(891)	(1,215)	(1,787)	(545)	(916)
= Free Cash Flow including Lease Principal Payments	233	1,222	2,801	4,794	33	910
Weighted average number of ordinary shares outstanding during the period (millions)	5,663	5,681	5,681	5,668	5,619	5,614
= Free Cash Flow per share (Euros)	0.04	0.22	0.49	0.85	0.01	0.16

Notes:

- 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. On the other hand, the denominator is retrospectively adjusted for transactions that have changed the number of shares outstanding without a corresponding change in resources (as if such transactions had occurred at the beginning of the earliest period presented). For instance, the bonus share issue carried out to meet the scrip dividends paid in July and December 2020, and June 2021, have been taken into account.

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

- Spectrum payments amounted to €703m in January-June 2021 (€521m in the UK, €135m in Chile, €23m in Spain, €21 in Germany and €2m in Colombia). In January-June 2020 amounted to €10m.

(1) In January-June 2021 it includes €4.4 bn of capital gains from the closing of the VMED O2 UK joint venture and €5.8bn of capital gains from the sale of Telxius towers, recorded in "Other companies and eliminations". It includes also €44m related to commitments associated with long-term restructuring plans mainly in Hispam and "Other companies and eliminations". In January-June 2020 it related mainly with the impairment of goodwill in Argentina of €109m.

TELEFÓNICA

EXCHANGE RATES APPLIED TO P&L AND CAPEX

Currency units per Euro	2020				2021	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
USA (US Dollar)	1.103	1.102	1.123	1.140	1.205	1.205
United Kingdom (Sterling)	0.861	0.874	0.884	0.889	0.874	0.868
Argentina (Argentine Peso) (1)	70.621	78.883	89.182	103.231	107.898	113.856
Brazil (Brazilian Real)	4.887	5.347	5.628	5.811	6.595	6.480
Chile (Chilean Peso)	885.042	894.831	900.447	901.811	872.585	867.566
Colombia (Colombian Peso)	3,885.668	4,048.665	4,147.863	4,197.730	4,286.712	4,366.793
Costa Rica (Colon)	633.312	633.312	652.742	669.792	740.741	742.942
Mexico (Mexican Peso)	21.886	23.618	24.313	24.360	24.504	24.306
Peru (Peruvian Nuevo Sol)	3.749	3.761	3.881	3.978	4.411	4.490
Uruguay (Uruguayan Peso)	43.446	45.360	46.807	47.758	51.966	52.426
Venezuela (1)	167,953.860	350,934.727	756,556.031	2,569,519.031	5,597,180.912	10,695,402.523

Notes:

- Average exchange rate for the period.

(1) Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, the operations are adjusted by inflation and are to be accounted at their corresponding closing exchange vs. the Euro (in the case of Venezuela Telefónica uses a synthetic exchange rate).

EXCHANGE RATES APPLIED TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Currency units per Euro	2020				2021	
	March	June	September	December	March	June
USA (US Dollar)	1.095	1.120	1.171	1.227	1.173	1.189
United Kingdom (Sterling)	0.887	0.913	0.913	0.898	0.852	0.858
Argentina (Argentine Peso)	70.621	78.883	89.182	103.231	107.898	113.856
Brazil (Brazilian Real)	5.695	6.131	6.604	6.376	6.683	5.949
Chile (Chilean Peso)	933.315	919.447	922.765	872.227	846.661	865.561
Colombia (Colombian Peso)	4,441.345	4,205.533	4,525.686	4,211.165	4,314.846	4,458.275
Costa Rica (Colon)	643.501	653.168	710.227	757.576	722.543	739.645
Mexico (Mexican Peso)	25.725	25.851	25.926	24.425	23.975	23.675
Peru (Peruvian Nuevo Sol)	3.765	3.961	4.211	4.442	4.406	4.588
Uruguay (Uruguayan Peso)	47.111	47.261	49.847	51.945	51.829	51.828
Venezuela	167,953.860	350,934.727	756,556.031	2,569,519.031	5,597,180.912	10,695,402.523

Notes:

- Exchange rates as of the end of the period.

TELEFÓNICA

2021 MAIN LONG TERM FINANCING OPERATIONS

Unaudited figures

	Issue date	Amount (m)	Currency	Issuer	Coupon	Maturity date	ISIN code
DEBENTURES AND BONDS							
CLP Bond	4/15/2021	90,000	CLP	Telefónica Móviles Chile, S.A.	3.600 %	3/1/2026	CL0002672179
USD Green Bond	7/7/2021	1,400 (1)	USD	VMED O2 UK Financing I plc	4.750 %	7/15/2031	US92858RAB69
GBP Green Bond	7/7/2021	675	GBP	VMED O2 UK Financing I plc	4.500 %	7/15/2031	US92769XAR61

	Issue date	Amount (m)	Currency	Issuer	Coupon	First Call date	ISIN code
UNDATED DEEPLY SUBORDINATED RESET RATE SECURITIES							
Hybrid bond	2/12/2021	1,000	EUR	Telefónica Europe B.V.	2.376 %	5/12/2029	XS2293060658

	Signing date	Amount	Currency	Borrower	Maturity date
INTEREST-BEARING DEBT					
Capex facility	3/15/2021	1,500	EUR	Unsere Grüne Glasfaser GMBH & CO. KG (UGG)*	3/15/2028
Syndicated facility	3/15/2021	150	EUR	Unsere Grüne Glasfaser GMBH & CO. KG (UGG)*	3/15/2028
Bilateral Loan	3/26/2021	200	EUR	Telefónica, S.A.	3/31/2022
Sustainability linked bilateral Loan	7/6/2021	500,000	COP	Colombia Telecomunicaciones S.A ESP BIC	3/19/2025

1. There was a reopening of \$550M with issue date on July, 19th 2021

* JV of Allianz Group and Telefónica Group (UGG) financing which is not consolidated at TSA

TELEFÓNICA
 RECONCILIATION REPORTED VS. BASIS FOR 2021 GUIDANCE
 Unaudited figures (Euros in millions)

	Base 2020
REVENUES	Jan - Dec
TELEFÓNICA	
REPORTED DATA	43,076
Changes in the consolidation perimeter	(3,909)
Others	10
TELEFÓNICA TOTAL REVENUES ADJUSTED BASE	39,177

	Base 2020
OIBDA	Jan - Dec
TELEFÓNICA	
REPORTED DATA	13,498
Restructuring charges	115
Changes in the consolidation perimeter	(1,259)
Capital gains /losses on sale of assets	(25)
Others	874
TELEFÓNICA TOTAL OIBDA ADJUSTED BASE	13,203

	Base 2020
CAPEX/SALES (ex spectrum)	Jan - Dec
TELEFÓNICA	
CAPEX REPORTED DATA	5,861
Changes in the consolidation perimeter	(633)
Spectrum	(32)
Others	(23)
TELEFÓNICA TOTAL CAPEX EX- SPECTRUM ADJUSTED BASE	5,173
TELEFÓNICA TOTAL CAPEX/SALEX ADJUSTED BASE	13.2 %

Notes:

Criteria for 2021 guidance:

Assumes constant exchange rates of 2020 (average in 2020). Excludes the contribution to growth from T. Argentina and T. Venezuela.
 Considers constant perimeter of consolidation and does not include capital gains/losses from the sale of companies, for significant impacts.
 Does not include write-offs, material non-recurring impacts and restructuring costs. CapEx excludes investments in spectrum.

TELEFÓNICA ESPAÑA

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	3,078	3,028	3,103	3,192	12,401	3,050	3,045
Mobile handset revenues	64	44	73	83	264	82	71
Revenues ex-mobile handset revenues	3,014	2,984	3,030	3,109	12,137	2,968	2,974
Retail	2,477	2,439	2,459	2,531	9,906	2,432	2,395
Wholesale & others	537	545	571	578	2,231	536	579
Operating income before D&A (OIBDA)	1,225	1,211	1,298	1,311	5,046	1,194	1,158
OIBDA Margin	39.8%	40.0%	41.8%	41.1%	40.7%	39.2%	38.0%
CapEx	344	304	376	384	1,408	334	386
Spectrum	-	-	-	-	-	21	2
OIBDA-CapEx	881	907	923	928	3,638	860	772

Notes:

- OIBDA before management and brand fees.

TELEFÓNICA ESPAÑA

ACCESSES

Unaudited figures (Thousands)

	2020				2021	
	March	June	September	December	March	June
Retail Accesses	37,874.0	37,936.9	37,922.1	37,615.1	37,143.5	36,881.0
Fixed telephony	8,918.6	8,917.6	8,882.5	8,731.0	8,616.6	8,523.4
Broadband	5,985.2	5,993.4	6,030.3	5,961.9	5,911.1	5,888.6
FTTH	4,393.0	4,452.0	4,556.9	4,614.1	4,671.0	4,726.7
Mobile	18,926.7	18,960.3	18,993.7	18,977.8	18,711.0	18,658.2
Prepay	1,070.2	1,012.7	940.0	888.1	840.1	806.0
Contract	15,209.9	15,279.8	15,365.1	15,383.7	15,259.7	15,185.8
IoT	2,646.6	2,667.7	2,688.6	2,706.0	2,611.2	2,666.4
Pay TV	4,032.3	4,054.3	4,004.3	3,934.5	3,895.3	3,801.3
Wholesale Accesses	3,772.4	3,719.9	3,709.2	3,689.5	3,676.8	3,658.3
FTTH	2,292.5	2,361.3	2,489.6	2,599.8	2,708.1	2,801.7
Total Accesses	41,646.4	41,656.7	41,631.4	41,304.6	40,820.3	40,539.3

OWN UBB COVERAGE

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
UBB Premises passed (FTTH)	23,421.8	23,650.1	24,445.4	25,219.4	25,651.3	26,134.6
UBB Up-take (FTTH)	29%	29%	29%	29%	29%	29%

Note:

- Up-Take FTTH includes retail accesses and wholesale accesses of T. España connected to the FTTH network

CONVERGENT KPIS

	2020				2021	
	March	June	September	December	March	June
Convergent clients (thousands)	4,824.5	4,830.3	4,847.3	4,824.8	4,781.6	4,725.9
Convergent ARPU (EUR) (cumulative YTD)	91.8	91.3	91.5	91.4	89.7	88.5
Convergent churn (cumulative YTD)	1.5%	1.2%	1.3%	1.4%	1.5%	1.5%

Note:

- Convergent include Consumer, SOHO and SMEs clients

TELEFÓNICA DEUTSCHLAND
CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul- Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	1,846	1,790	1,873	2,023	7,532	1,850	1,893
Mobile Business	1,650	1,597	1,672	1,810	6,730	1,654	1,688
Handset revenues	339	322	311	451	1,423	347	318
Fixed Business	193	193	198	202	785	200	200
Operating income before D&A (OIBDA)	532	563	577	637	2,309	557	616
OIBDA Margin	28.8%	31.4%	30.8%	31.5%	30.7%	30.1%	32.5%
CapEx	224	251	251	368	1,094	228	280
Spectrum	-	-	-	-	-	-	-
OIBDA-CapEx	308	312	326	268	1,214	328	336

Note:

- OIBDA before management and brand fees.

TELEFÓNICA DEUTSCHLAND

ACCESSES

Unaudited figures (Thousands)

	2020				2021	
	March	June	September	December	March	June
Retail Accesses	48,121.7	48,017.7	48,544.9	48,804.7	48,942.4	49,485.1
Fixed telephony accesses	2,149.1	2,163.4	2,170.9	2,180.2	2,173.0	2,171.5
Broadband	2,231.7	2,245.2	2,251.6	2,261.1	2,253.9	2,253.2
UBB (1)	1,687.7	1,728.8	1,762.3	1,797.8	1,809.1	1,823.2
Mobile accesses	43,647.1	43,516.5	44,032.4	44,274.8	44,428.2	44,974.5
Prepay	19,689.4	19,323.0	19,530.7	19,283.3	19,174.7	19,265.5
Contract	22,727.2	22,885.3	23,146.3	23,581.3	23,801.4	24,175.3
IoT	1,230.4	1,308.2	1,355.4	1,410.1	1,452.1	1,533.7
Total Accesses	48,121.7	48,017.7	48,544.9	48,804.7	48,942.4	49,485.1

Notes:

(1) UBB accesses referes to VDSL accesses in Germany.

SELECTED OPERATIONAL DATA

Unaudited figures

	2020				2021	
	March	June	September	December	March	June
Mobile churn (quarterly)	2.0%	1.9%	1.6%	1.8%	1.6%	1.4%
Contract	1.5%	1.4%	1.4%	1.3%	1.3%	1.0%
Mobile churn (cumulative YTD)	2.0%	1.9%	1.8%	1.8%	1.6%	1.5%
Contract	1.5%	1.5%	1.4%	1.4%	1.3%	1.2%
Mobile ARPU (EUR) (cumulative YTD)	9.8	9.7	9.9	9.9	9.7	9.9
Contract	13.7	13.5	13.6	13.6	13.2	13.4

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period.

TELEFÓNICA UK

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - May
Revenues	1,739	1,632	1,596	1,742	6,708	1,552	1,076
Mobile revenues	1,678	1,566	1,546	1,685	6,476	1,496	1,037
Handset revenues	428	428	417	543	1,816	370	272
Fixed Business	61	65	49	57	232	56	39
Operating income before D&A (OIBDA)	516	496	516	535	2,064	547	372
OIBDA Margin	29.7%	30.4%	32.4%	30.7%	30.8%	35.2%	34.6%
CapEx	221	185	205	302	913	768	166
Spectrum	-	-	-	94	94	513	3
OIBDA-CapEx	295	311	312	233	1,151	(221)	207

Notes:

- OIBDA before management and brand fees.

- Includes T. UK until May 31, 2021, which is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

VMO2

PROFORMA CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	3,042	2,864	2,846	3,028	11,781	2,866	2,951
Mobile revenues	1,720	1,625	1,616	1,738	6,698	1,567	1,620
Handset revenues	428	426	420	548	1,822	390	409
Fixed Business	1,182	1,122	1,132	1,166	4,603	1,174	1,198
Consumer Fixed	1,009	948	948	955	3,860	982	1,009
Subscription	990	939	930	935	3,793	962	986
Other	20	9	18	20	67	20	23
B2B Fixed	173	174	184	212	743	192	189
Other	140	117	98	124	480	125	132
Operating income before D&A (OIBDA)	1,036	1,006	1,014	1,018	4,074	1,033	1,046
OIBDA Margin	34.0%	35.1%	35.6%	33.6%	34.6%	36.0%	35.5%
CapEx	519	463	497	614	2,092	1,044	554
Spectrum	-	-	-	94	94	513	4
OIBDA-CapEx	517	543	517	405	1,982	(11)	492

Notes:

- Includes VMO2 proforma data which give effect to the combination of Virgin Media UK and O2 UK as if it had occurred on 1st January 2020 and pushes back purchase price accounting, policy alignment and transaction adjustments to this date.

VMO2

PROFORMA ACCESSES

Unaudited figures (Thousands)

	2020				2021	
	March	June	September	December	March	June
Retail Accesses (1)	43,066.0	42,480.3	43,430.1	44,067.7	44,292.8	44,990.9
Broadband	5308.1	5347.4	5394.5	5449.5	5487.9	5523.6
UBB	5279.2	5318.4	5365.4	5420.3	5458.6	5494.1
Mobile accesses	29,241.3	28,672.0	29,701.2	30,336.6	30,617.7	31,358.0
Prepay	8,433.0	7,772.8	8,335.9	8,251.8	8,199.1	8,362.5
Contract	15,253.0	15,323.4	15,431.4	15,594.2	15,636.3	15,701.2
IoT	5,555.3	5,575.8	5,934.0	6,490.6	6,782.3	7,294.3
Wholesale Accesses	8,774.2	8,694.3	9,018.3	9,210.9	9,350.5	9,594.4
Total Accesses (1)	51,840.2	51,174.6	52,448.4	53,278.6	53,643.3	54,585.4

Note:

(1) Includes fixed telephony and Pay TV accesses

PROFORMA SELECTED OPERATIONAL DATA

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
UBB Premises passed	14,981.5	15,072.6	15,191.7	15,310.8	15,386.6	15,476.4

TELEFÓNICA BRASIL

CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,215	1,739	1,720	1,748	7,422	1,645	1,672
Mobile Business	1,447	1,113	1,145	1,186	4,891	1,084	1,098
Handset revenues	119	60	117	130	426	98	87
Fixed Business	768	626	575	562	2,531	561	575
Operating income before D&A (OIBDA)	951	716	719	802	3,188	702	778
OIBDA Margin	42.9%	41.2%	41.8 %	45.9%	42.9%	42.7%	46.5%
CapEx	337	328	287	420	1,372	295	353
Spectrum	-	-	-	32	32	-	-
OIBDA-CapEx	613	388	432	382	1,815	407	425

Notes:

- OIBDA before management and brand fees.

TELEFÓNICA BRASIL

ACCESSES

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
Retail Accesses	93,173.2	92,103.6	93,811.5	95,145.0	95,900.8	96,813.8
Fixed telephony accesses	10,309.0	9,779.4	9,347.8	8,994.8	8,625.9	8,328.1
Broadband	6,772.6	6,587.0	6,430.4	6,315.0	6,318.2	6,283.8
UBB	5,026.7	5,033.1	5,054.8	5,084.2	5,220.1	5,313.0
FTTH	2,652.3	2,862.6	3,129.7	3,377.7	3,745.8	4,046.3
Mobile accesses	74,740.7	74,399.3	76,709.4	78,523.7	79,673.3	80,956.5
Prepay	31,023.8	31,291.2	32,757.1	33,662.5	33,668.8	33,871.7
Contract	33,310.3	33,246.8	33,689.5	34,418.2	35,321.4	35,911.4
IoT	10,406.6	9,861.3	10,262.8	10,443.0	10,683.2	11,173.4
Pay TV	1,282.9	1,270.3	1,257.8	1,247.7	1,223.5	1,186.2
IPTV	753.3	805.3	854.5	890.8	913.9	918.6
Total Accesses	93,173.3	92,116.9	93,824.5	95,157.9	95,901.9	96,814.9

OWN UBB COVERAGE

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
UBB Premises passed	21,677.8	22,626.8	23,927.6	24,514.0	25,057.9	25,609.7
FTTH	11,689.7	13,086.4	14,588.5	15,696.9	16,291.1	17,309.5
Up-Take FTTH	23%	22%	21%	22%	23%	23%

SELECTED OPERATIONAL DATA

Unaudited figures

	2020				2021	
	March	June	September	December	March	June
Mobile churn (quarterly)	3.1%	3.4%	3.1%	2.9%	2.9%	2.9%
Contract	1.5%	1.5%	1.2%	1.1%	1.1%	1.3%
Mobile churn (cumulative YTD)	3.1%	3.2%	3.2%	3.1%	2.9%	2.9%
Contract	1.5%	1.5%	1.4%	1.3%	1.1%	1.2%
Mobile ARPU (EUR) (cumulative YTD)	5.7	5.1	4.9	4.7	4.0	4.0
Contract	10.2	9.2	8.7	8.4	7.2	7.2

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period. % organic change.

TELEFÓNICA HISPAM
CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,204	1,881	1,903	1,934	7,922	1,939	2,007
Mobile Business	1,406	1,161	1,232	1,271	5,070	1,260	1,315
Handset revenues	295	185	305	327	1,111	316	338
Fixed Business	764	692	721	660	2,836	676	687
Operating income before D&A (OIBDA) (1)	502	361	(344)	471	990	396	373
OIBDA Margin	22.8%	19.2%	(18.0%)	24.4%	12.5%	20.4%	18.6%
CapEx	325	133	155	220	833	350	151
Spectrum	-	-	-	-	-	135	1
OIBDA-CapEx	176	228	(499)	251	157	47	221

Notes:

(1) Includes impairment allocated to Argentina of -€109m registered in April-June 2020 and -€785m registered in July-September 2020.

TELEFÓNICA HISPAM
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	2020				2021		
	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Dec	Jan - Mar	Apr - Jun
Revenues	2,204	1,881	1,903	1,934	7,922	1,939	2,007
Telefónica Argentina	532	445	406	356	1,738	412	458
Telefónica Chile	391	367	398	430	1,585	424	442
Telefónica Perú	472	393	394	385	1,645	371	377
Telefónica Colombia	333	294	304	319	1,249	330	318
Telefonica México	290	229	238	276	1,033	239	246
Others and eliminations	187	153	163	168	672	163	165
Handset sales	295	185	305	327	1,111	316	338
Telefónica Argentina	64	36	63	52	215	61	72
Telefónica Chile	62	60	88	93	304	92	96
Telefónica Perú	53	6	56	53	167	50	56
Telefónica Colombia	32	18	27	34	111	37	36
Telefonica México	69	54	59	82	264	64	62
Others and eliminations	14	11	12	12	49	12	16
OIBDA	502	361	(344)	471	990	396	373
Telefónica Argentina	101	105	91	59	355	41	40
Telefónica Chile	119	122	129	138	508	128	132
Telefónica Perú	89	81	67	61	298	68	36
Telefónica Colombia	98	102	105	133	438	94	97
Telefónica México	33	21	9	22	85	17	13
Others and eliminations (1)	62	(70)	(744)	58	(694)	47	53

Notes:

- OIBDA before management and brand fees.

- Following the consideration of the Argentine and Venezuela economies as hyperinflationary from an accounting perspective, both operations are adjusted by inflation and are to be accounted at the closing exchange rate.

- The results from Central America are consolidated in Telefónica Group's "Other companies & eliminations". Additionally, the contribution to organic growth from T. Argentina and T. Venezuela are excluded from Hispam.

(1) Includes impairment allocated to Argentina of -€109m registered in April-June 2020 and -€785m registered in July-September 2020.

TELEFÓNICA HISPAM
ACCESSES

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
Retail Accesses	108,739.0	105,534.3	106,040.8	108,488.6	109,152.9	109,498.6
Fixed telephony accesses	8,461.8	8,260.7	7,982.7	7,835.0	7,668.1	7,489.2
Broadband	5,428.5	5,398.6	5,407.1	5,447.3	5,555.0	5,654.8
UBB	3,298.3	3,386.0	3,550.9	3,695.0	3,894.3	4,108.5
FTTH (1)	2,916.2	3,034.6	3,239.3	3,417.6	3,642.4	3,886.5
Mobile accesses	91,759.4	88,837.3	89,650.6	92,204.5	92,924.7	93,400.5
Prepay	66,156.9	63,737.5	64,201.0	66,206.7	66,145.0	65,926.8
Contract	21,909.8	21,348.6	21,603.3	22,000.2	22,611.4	23,099.6
IoT	3,692.6	3,751.1	3,846.3	3,997.6	4,168.3	4,374.2
Pay TV	2,943.2	2,889.7	2,853.5	2,856.8	2,864.1	2,872.5
IPTV	385.8	424.1	501.3	577.7	646.4	724.9
Total Accesses	108,760.1	105,554.3	106,061.1	108,509.1	109,173.2	109,518.8

Notes:

(1) Includes Peru's cable accesses.

OWN UBB COVERAGE

Unaudited figures (thousands)

	2020				2021	
	March	June	September	December	March	June
UBB Premises passed	11,727.5	11,972.1	11,839.7	12,064.5	12,521.5	13,119.1
FTTH (1)	8,989.1	9,233.8	9,595.7	9,923.4	10,389.7	10,988.0
Up-take FTTH	32%	33%	34%	34%	35%	35%

(1) Includes Peru's cable premises passed.

SELECTED OPERATIONAL DATA

Unaudited figures

	2020				2021	
	March	June	September	December	March	June
Mobile churn (quarterly)	3.4%	3.2%	3.0%	2.5%	3.0%	3.0%
Contract	2.7%	2.0%	2.5%	2.2%	2.0%	2.2%
Mobile churn (cumulative YTD)	3.4%	3.3%	3.2%	3.0%	3.0%	3.0%
Contract	2.7%	2.3%	2.4%	2.3%	2.0%	2.1%
Mobile ARPU (EUR) (cumulative YTD)	3.9	3.6	3.5	3.4	3.2	3.2
Contract	10.9	10.5	10.0	9.6	9.1	9.0

Notes:

- ARPU: monthly average revenue divided by the monthly average accesses of the period. % organic change.

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

Information included in compliance with the ESMA Guidelines, 5 October 2015, on Alternative Performance Measures (APM), applicable to published regulated information from 3 July 2016.

The following APM and their reconciliation to the most directly reconcilable line item, subtotal or total presented in the financial statements of the corresponding period are included:

- Effect of the incorporation of the joint venture between Telefónica and Liberty Global in the UK
- OIBDA
- Net financial debt, Net financial debt plus leases and Net financial debt plus commitments
- Leverage ratio
- Free Cash Flow

- Organic results

- Underlying results

TELEFÓNICA

RECONCILIATION OF OIBDA

Unaudited figures (Euros in millions)

	2020				2021	
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
Operating income before D&A (OIBDA)	3,760	7,075	9,747	13,498	3,417	16,886
Depreciation and amortisation	(2,669)	(4,951)	(7,079)	(9,359)	(2,023)	(4,139)
Operating income (OI)	1,091	2,124	2,668	4,139	1,394	12,747

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

NET FINANCIAL DEBT

Unaudited figures (Euros in millions)

	December 2020	June 2021
Non-current financial liabilities	42,297	38,141
Current financial liabilities	8,123	7,512
Gross Financial Debt	50,420	45,653
Cash and cash equivalents	(5,604)	(14,522)
Current financial assets	(2,489)	(2,733)
Non-current financial assets	(5,137)	(4,687)
Mark-to-market adjustment by cash flow hedging activities related to debt	(1,048)	(294)
Other current assets and liabilities	(260)	(280)
Other non-current assets and liabilities	(654)	15
Net Financial Debt	35,228	23,152
Lease Liabilities	6,469	7,874
Net Financial Debt including Lease liabilities (1)	41,697	31,026

Notes:

(1) As of June 2021 includes assets and liabilities defined as net financial debt including lease liabilities of T. Costa Rica as well as those related to the second tranche of the sale of towers of T. Deutschland to Telxius that are classified as non-current assets and disposal groups held for sale and liabilities associated with non-current assets and disposal groups held for sale. As of December 2020, includes assets and liabilities defined as net financial debt including lease liabilities of T. UK, T. Costa Rica and those subject to the agreement of Telxius Telecom with American Tower Corporation, classified as non-current assets and disposal groups held for sale and liabilities associated with non-current assets and disposal groups held for sale.

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

- Net financial debt includes a positive value of the derivatives portfolio for a net amount of €468m, €3,277m included as financial liabilities and €3,745m included as financial assets.

- Net financial debt stood at €26.2bn as of June 2021 post estimated distribution of proceeds to Telxius minorities.

	December 2020	June 2021
Net Financial Debt / OIBDAaL adjusted (1)	2.79 x	2.27x

(1) OIBDA plus adjustments and after Leases.

- NFD/OIBDAaL adj. ratio stood at 2.57x as of June 2021 post estimated distribution of proceeds to Telxius minorities.

TELEFÓNICA
RECONCILIATION OF LEVERAGE RATIO
Unaudited figures (Euros in millions)

		2020				2021	
		March	June	September	December	March	June
A	Net Financial Debt	38,223	37,201	36,676	35,228	35,796	23,152
B	OIBDA reported (LTM)	14,615	13,492	13,416	13,498	13,155	23,309
C	Adjustments in OIBDA	2,021	2,336	1,712	983	1,018	(11,255)
	Restructuring charges	2,191	2,177	347	115	158	238
	Capital gains/losses on sale of assets	(570)	(387)	3	(26)	(35)	(10,225)
	Changes in the consolidation perimeter	-	-	-	-	-	(1,959)
	Others	400	546	1,362	894	894	690
D	Leases	(1,923)	(1,933)	(1,884)	(1,856)	(1,859)	(1,867)
E= B+C+D	OIBDAaL adjusted (LTM)	14,713	13,895	13,243	12,625	12,313	10,187
F= A/E	Net Financial Debt / OIBDAaL adjusted	2.60x	2.68x	2.77x	2.79x	2.91x	2.27x

TELEFÓNICA
NET COMMITMENTS RELATED TO EMPLOYEE BENEFITS
Unaudited figures (Euros in millions)

	December 2020	June 2021
Gross commitments related to employee benefits	5,841	5,407
Value of associated Long-term assets	(122)	(85)
Tax benefits	(1,513)	(1,402)
Net commitments related to employee benefits	4,206	3,920

Notes:

- As of December 2020, includes assets and liabilities defined as net financial debt including lease liabilities of T. UK, T. Costa Rica and those subject to the agreement of Telxius Telecom with American Tower Corporation, classified as non-current assets and disposal groups held for sale and liabilities associated with non-current assets and disposal groups held for sale.

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA
RECONCILIATION OF FREE CASH FLOW
Unaudited figures (Euros in millions)

		2020				2021	
		Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun
	Net cash flow provided by operating activities	2,259	5,288	8,913	13,196	2,556	5,112
	(Payments on investments)/proceeds from the sale in property, plant and equipment and intangible assets, net	(1,749)	(3,493)	(5,272)	(7,020)	(2,184)	(3,550)
	Government grants received	-	-	-	-	-	-
	Dividends paid to minority shareholders	(4)	(175)	(322)	(471)	(3)	(181)
	Payments related to cancellation of commitments	284	493	697	963	231	466
	Payments of financed spectrum without explicit interest	-	-	-	(87)	(21)	(21)
	Free Cash Flow excluding Lease Principal Payments	790	2,113	4,016	6,581	579	1,826
	Lease Principal Payments	(557)	(891)	(1,215)	(1,787)	(545)	(916)
	FCF Including Lease Principal Payments	233	1,222	2,801	4,794	33	910

Notes:

- Telefónica Group consolidated results deconsolidate Telxius towers division while T. UK is no longer consolidated under the full consolidation method and the new VMED O2 UK joint venture has been accounted for by the equity method since June 1, 2021.

TELEFÓNICA

RECONCILIATION OF REPORTED VS. ORGANIC GROWTH

Unaudited figures (Euros in millions)

REVENUES	2020				2021		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Jun
T. ESPAÑA							
REPORTED DATA	3,078	6,106	9,209	12,401	3,050	6,095	(0.2)
T. ESPAÑA ORGANIC	3,078	6,106	9,209	12,401	3,050	6,095	(0.2)
T. DEUTSCHLAND							
REPORTED DATA	1,846	3,636	5,509	7,532	1,850	3,743	2.9
T. DEUTSCHLAND ORGANIC	1,846	3,636	5,509	7,532	1,850	3,743	2.9
T. UK							
REPORTED DATA	1,739	3,370	4,966	6,708	1,552	2,628	(22.0)
Changes in the consolidation perimeter	-	(541)	(2,136)	(3,878)	-	-	
Forex Impact	-	-	-	-	23	2	
T. UK ORGANIC	1,739	2,830	2,830	2,830	1,575	2,631	(7.0)
T. BRASIL							
REPORTED DATA	2,215	3,954	5,674	7,422	1,645	3,318	(16.1)
Forex Impact	-	-	-	-	575	703	
T. BRASIL ORGANIC	2,215	3,954	5,674	7,422	2,220	4,021	1.7
T. HISPAM							
REPORTED DATA	2,204	4,085	5,988	7,922	1,939	3,945	(3.4)
Forex Impact	-	-	-	-	140	216	
Others	-	-	5	10	120	97	
T. HISPAM ORGANIC	2,204	4,085	5,993	7,932	2,199	4,258	4.2
TELEFÓNICA							
REPORTED DATA	11,366	21,706	32,167	43,076	10,340	20,305	(6.5)
Changes in the consolidation perimeter	-	(531)	(2,139)	(3,909)	-	-	
Forex Impact	-	-	-	-	754	959	
Others	-	-	5	10	120	98	
TELEFÓNICA ORGANIC	11,366	21,175	30,033	39,177	11,214	21,361	0.9

OIBDA	2020				2021		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Jun
T. ESPAÑA							
REPORTED DATA	1,225	2,436	3,734	5,046	1,194	2,352	(3.4)
Restructuring charges	27	27	27	27	-	-	
T. ESPAÑA ORGANIC	1,252	2,463	3,761	5,073	1,194	2,352	(4.5)
T. DEUTSCHLAND							
REPORTED DATA	532	1,095	1,672	2,309	557	1,172	7.0
Restructuring charges	(1)	-	26	37	15	17	
Capital gains/losses on sale of assets	9	5	5	5	-	-	
T. DEUTSCHLAND ORGANIC	540	1,101	1,704	2,352	571	1,189	8.0
T. UK							
REPORTED DATA	516	1,012	1,528	2,064	547	919	(9.1)
Changes in the consolidation perimeter	-	(176)	(692)	(1,228)	-	-	
Forex Impact	-	-	-	-	8	1	
T. UK ORGANIC	516	836	836	836	555	920	10.0
T. BRASIL							
REPORTED DATA	951	1,666	2,385	3,188	702	1,479	(11.2)
Forex Impact	-	-	-	-	245	314	
Others	-	-	-	-	-	(106)	
T. BRASIL ORGANIC	951	1,666	2,385	3,188	947	1,687	1.3
T. HISPAM							
REPORTED DATA	502	863	519	990	396	769	(10.9)
Restructuring charges	1	2	14	17	44	105	
Capital gains/losses on sale of assets	-	-	(2)	(2)	-	-	
Forex Impact	-	-	-	-	28	39	
Others	-	109	885	874	28	55	
T. HISPAM ORGANIC	503	974	1,416	1,879	496	968	(0.6)
TELEFÓNICA							
REPORTED DATA	3,760	7,075	9,747	13,498	3,417	16,886	138.7
Restructuring charges	33	35	82	115	78	164	
Changes in the consolidation perimeter	-	(177)	(708)	(1,259)	-	-	
Capital gains/losses on sale of assets	9	5	4	(25)	-	(10,194)	
Forex Impact	-	-	-	-	288	366	
Others	-	116	908	874	30	(48)	
TELEFÓNICA ORGANIC	3,802	7,055	10,032	13,203	3,813	7,173	1.7

OPERATING INCOME	2020				2021		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Jun
	TELEFÓNICA						
REPORTED DATA	1,091	2,124	2,668	4,139	1,394	12,747	n.s.
Restructuring charges	33	35	82	115	78	164	
Changes in the consolidation perimeter	(21)	(328)	(914)	(1,470)	(360)	(596)	
Capital gains/losses on sale of assets	9	5	4	(25)	-	(10,194)	
Forex Impact	-	-	-	-	91	115	
Others	105	313	1,170	1,194	65	12	
TELEFÓNICA ORGANIC	1,217	2,150	3,010	3,952	1,268	2,247	4.5

CAPEX	2020				2021		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Jun	Jan - Jun
	T. ESPAÑA						
REPORTED DATA	344	649	1,024	1,408	334	720	11.0
Spectrum	-	-	-	-	(21)	(23)	
T. ESPAÑA ORGANIC	344	649	1,024	1,408	313	697	7.4
T. DEUTSCHLAND							
REPORTED DATA	224	475	726	1,094	228	508	6.9
T. DEUTSCHLAND ORGANIC	224	475	726	1,094	228	508	6.9

T. UK							
REPORTED DATA	221	406	611	913	768	933	129.9
Changes in the consolidation perimeter	-	(69)	(274)	(576)	-	-	
Forex Impact	-	-	-	-	11	1	
Spectrum	-	-	-	-	(520)	(516)	
T. UK ORGANIC	221	337	337	337	259	418	24.1

T. BRASIL							
REPORTED DATA	337	665	952	1,372	295	647	(2.7)
Forex Impact	-	-	-	-	103	137	
Spectrum	-	-	-	(32)	-	-	
T. BRASIL ORGANIC	337	665	952	1,340	398	784	18.0

T. HISPAM							
REPORTED DATA	325	458	613	833	350	501	9.2
Forex Impact	-	-	-	-	12	17	
Spectrum	-	-	-	-	(133)	(131)	
Others	-	(12)	(16)	(23)	34	40	
T. HISPAM ORGANIC	325	447	598	810	262	427	(4.5)

TELEFÓNICA							
REPORTED DATA	1,485	2,721	4,067	5,861	2,006	3,400	25.0
Changes in the consolidation perimeter	-	(73)	(296)	(633)	-	-	
Forex Impact	-	-	-	-	128	160	
Spectrum	-	-	-	(32)	(674)	(670)	
Others	-	(12)	(16)	(23)	34	40	
TELEFÓNICA ORGANIC	1,485	2,636	3,755	5,173	1,494	2,931	11.2

OIBDA-CapEx	2020				2021		%
	Jan - Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan - Mar	Jan - Mar	Jan - Jun
	T. ESPAÑA						
REPORTED DATA	881	1,787	2,710	3,638	860	1,632	(8.7)
Restructuring charges	27	27	27	27	-	-	
Spectrum	-	-	-	-	21	23	
T. ESPAÑA ORGANIC	907	1,814	2,737	3,665	881	1,656	(8.7)
T. DEUTSCHLAND							
REPORTED DATA	308	620	946	1,214	328	664	7.1
Restructuring charges	(1)	-	26	37	15	17	
Capital gains/losses on sale of assets	9	5	5	5	-	-	
T. DEUTSCHLAND ORGANIC	316	626	977	1,257	343	681	8.9
T. UK							
REPORTED DATA	295	606	918	1,151	(221)	(14)	c.s.
Changes in the consolidation perimeter	-	(107)	(418)	(652)	-	-	
Forex Impact	-	-	-	-	(3)	-	
Spectrum	-	-	-	-	520	516	
T. UK ORGANIC	295	499	499	499	296	502	0.5
T. BRASIL							
REPORTED DATA	613	1,001	1,433	1,815	407	832	(16.9)
Forex Impact	-	-	-	-	142	176	
Spectrum	-	-	-	32	-	-	
Others	-	-	-	-	-	(106)	
T. BRASIL ORGANIC	613	1,001	1,433	1,847	549	903	(9.8)
T. HISPAM							
REPORTED DATA	176	404	(94)	157	47	268	(33.7)
Restructuring charges	1	2	14	17	44	105	
Capital gains/losses on sale of assets	-	-	(2)	(2)	-	-	
Forex Impact	-	-	-	-	16	22	
Spectrum	-	-	-	-	133	131	
Others	-	121	900	898	(6)	15	
T. HISPAM ORGANIC	177	527	818	1,069	233	541	2.7
TELEFÓNICA							
REPORTED DATA	2,275	4,354	5,680	7,637	1,411	13,486	209.7
Restructuring charges	33	35	82	115	78	164	
Changes in the consolidation perimeter	-	(103)	(412)	(626)	-	-	
Capital gains/losses on sale of assets	9	5	4	(25)	-	(10,194)	
Forex Impact	-	-	-	-	160	206	
Spectrum	-	-	-	32	674	670	
Others	-	128	924	898	(4)	(88)	
TELEFÓNICA ORGANIC	2,317	4,419	6,277	8,030	2,320	4,243	(4.0)

Note:

- **Organic growth:** assumes constant exchange rates of 2020 (average in 2020). Excludes the contribution to growth from T. Argentina and T. Venezuela. Considers constant perimeter of consolidation and does not include capital gains/losses from the sale of companies, for significant impacts. Does not include write-offs, material non-recurring impacts and restructuring costs. CapEx excludes investments in spectrum.

TELEFÓNICA

RECONCILIATION OF REPORTED VS. UNDERLYING GROWTH

Unaudited figures (Euros in millions)

OIBDA	2020				2021		%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Jun
	TELEFÓNICA						
REPORTED DATA	3,760	7,075	9,747	13,498	3,417	16,886	138.7
Restructuring charges	33	35	82	115	77	159	
Capital gains/losses on sale of assets	9	5	4	(25)	-	(10,194)	
Others	-	116	917	894	-	(87)	
TELEFÓNICA UNDERLYING	3,802	7,232	10,749	14,481	3,494	6,763	(6.5)

NET INCOME	2020				2021		%
	Jan -Mar	Jan - Jun	Jan - Sep	Jan - Dec	Jan -Mar	Jan - Jun	Jan - Jun
	TELEFÓNICA						
REPORTED DATA	406	831	671	1,582	886	8,629	n.s.
Restructuring charges	24	26	59	83	53	109	
Capital gains/losses on sale of assets	6	4	2	(27)	-	(7,945)	
Others	182	457	1,320	1,449	137	830	
TELEFÓNICA UNDERLYING	619	1,318	2,052	3,086	1,076	1,622	23.1

Notes:

- **Underlying growth** : Excludes capital gains/losses from the sale of companies and assets sales (material), restructuring costs and other impacts (write-offs, material non-recurring impacts and amortisation charges from purchase price allocation processes).

KEY HOLDINGS OF THE TELEFÓNICA GROUP

	% Stake		% Stake
TELEFÓNICA ESPAÑA	100.0	OTHER STAKES	
VMED O2 UK LTD	50.0	China Unicom	0.6
TELEFÓNICA DEUTSCHLAND	69.2	BBVA	0.7
TELEFÓNICA BRASIL	73.8	Prisa	9.0
TELEFÓNICA HISPAM			
Telefónica de Argentina	100.0		
Telefónica Móviles Argentina	100.0		
Telefónica Móviles Chile	100.0		
Telefónica Móviles Uruguay	100.0		
Telefónica Móviles México	100.0		
Telefónica Venezolana	100.0		
Telefónica Ecuador	100.0		
Telefónica Chile	99.1		
Telefónica del Perú	98.9		
Telefónica Colombia	67.5		