

Press release

GENERAL SHAREHOLDERS' MEETING 2023

Telefónica's shareholders give overwhelming support to all the proposals brought before the AGM by the Board

- All proposals on the agenda proposed by the Board of Directors obtained a strong support, including the new remuneration policy, shareholders' remuneration, and the approval of the annual accounts and the management of the Board of Directors.
- The AGM approved the shareholders' remuneration, a full cash dividend of 0.30 euros to be distributed during 2023 in two payments of 0.15 euros, and the cancellation of shares representing 0.43% of the share capital held as treasury stock.
- "We have spent seven years imagining and creating a new company, just as the pioneers of Telefónica did," said the company's Chairman, José María Álvarez-Pallete, in his speech to shareholders.
- "We have transformed our revenues to be more relevant. Today, 73% of our service revenues come from broadband and digital services, up from 46% in 2015. These are revenues that come from the new world. We are a different company," highlighted Álvarez-Pallete.
- The company's chairman pointed out that in the last seven years Telefónica has allocated 17,300 million euros to shareholder remuneration, invested more than 55,000 million, obtained more than 21,700 million in net profit and generated more than 32,000 million in free cash flow.
- Since 2015, Telefónica has been involved in corporate transactions worth close to 81 billion euros, including the largest transaction in the company's history, the merger of O2 and Virgin Media in the UK.
- Telefónica's chairman reinforced the Group's commitment "to defend what is fair", since the company "builds networks for everyone, not just for a few", and insisted that "a new world requires new rules".

- José María Álvarez-Pallete stressed that in this new era "collaboration is the solution to the many uncertainties it presents" and that "Europe must take its rightful space and recover its digital autonomy". "It is Telefónica's time. It is our time", he concluded.

Madrid, 31st March 2023. Today, with overwhelming support, Telefónica's General Shareholders' Meeting approved all the proposed resolutions on the agenda brought by the Board of Directors.

The Group's new remuneration policy has been broadly endorsed by shareholders and will be in place from today and for the next three financial years: 2024, 2025 and 2026.

Other items on the agenda, such as the annual accounts and the management of the Board of Directors or the approval of shareholder remuneration, also received a wide support. The AGM has approved the second tranche of the dividend for 2022, which will be paid in June this year amounting 0.15 euros per share; and the first tranche of the dividend for 2023, which will be paid in December and which will also be 0.15 euros. Both payments will be entirely in cash. It has also given its approval to the cancellation of 0.43% of the share capital in treasury stock.

“Ready for the next 100 years”

During his speech to shareholders, the Chairman of Telefónica, José María Álvarez-Pallete, assured that the Group, which is already on its way to celebrate its first centenary, "is prepared to successfully face its next 100 years". Underlining that Telefónica is "a company that knows how to honour the great legacy it received and mark the path for its future", Álvarez-Pallete took stock of the evolution of the company since 2015. "We have spent seven years first imagining and then working to create this new company; imagining as the pioneers who created Telefónica did; knowing that through technology we can make a world more human by connecting people's lives," he said.

This transformation is what now places the Group at the forefront of innovation and with the capacity to revolutionise the telecommunications sector. "It is Telefónica's time. It is our time", he emphasised.

384 days to reach the centenary

José María Álvarez-Pallete stated before the shareholders the company's degree of fulfilment in different aspects. "We have delivered because Telefónica always delivers. It has not been easy, but we have done it", he emphasised. The Chairman of Telefónica referred to the sense of responsibility and professionalism demonstrated during the pandemic, the fulfilment of the commitments acquired with the markets and the payment of taxes, more than 67,000 million euros in the last seven years.

Telefónica, S.A.

Corporate Communications

email: prensatelefonica@telefonica.com

telefonica.com/en/sala-comunicacion/

Looking ahead to the coming months and 384 days before the celebration of the first century of Telefónica's history, Álvarez-Pallete stressed that the Group is approaching this milestone with the next 100 years in mind. "We have prepared ourselves to reach our centenary with the necessary foundations to refound our company and launch it into the future," he said. And he added: "This General Meeting is a very good moment to lay the foundations that will guarantee that we can complete our transformation".

"We are a different company"

On the evolution of the company over the last seven years, Álvarez-Pallete highlighted that in this period the company has increased its customer base to more than 383 million, with record levels of satisfaction. It has also transformed its service revenue mix, with 73% of the total coming from broadband and digital services, compared to 46% in 2015.

During this period, Telefónica has been involved in corporate operations worth close to 81 billion euros, including the largest transaction in the company's history, the merger of O2 and Virgin Media in the UK.

As Telefónica's chairman highlighted in his speech, in these years the company has generated more than 21,700 million euros in net income and a free cash flow of more than 32,000 million euros, which has enabled it to pay shareholders more than 17,300 million euros and reduce debt by more than 23,000 million euros.

In addition, Telefónica has invested more than €55 billion euros since 2015, transforming the group's infrastructure into cutting-edge networks and systems and anticipating the needs of customers and society. In seven years, the company has rolled out more than four million kilometres of fibre, the equivalent of five return trips to the Moon, and deployed more than 115,000 4G and 5G base stations. In the last year alone, Telefónica's networks have transported 128,000 petabytes of data, the equivalent of watching 6.4 billion hours of 4K video.

Telefónica has also invested more than 600 million euros in social programmes through Fundación Telefónica, improving the lives of 105 million people.

This process of growth and transformation has also been sustainable, with an 80% reduction in the level of emissions since 2015. The company has also made progress in other areas, doubling the presence of women on the Board of Directors and consolidating a more diverse team, 39% of which is also made up of women.

The achievement of these milestones is evidence of Telefónica's transformation. "We are a different company," said the Group's Chairman.

Gratitude, commitment and an invitation to the future

Precisely because of these achievements, Álvarez-Pallete thanked Telefónica's employees for their commitment and for their "ambition to change and place our

Telefónica, S.A.

Corporate Communications

email: prensatelefonica@telefonica.com

telefonica.com/en/sala-comunicacion/

company at the forefront of the sector"; the customers, for their trust; and the shareholders themselves, "who are accompanying us in this transformation process on a path that has not been easy, but which has been necessary and worthwhile".

Álvarez-Pallete also reinforced the commitment of all the people working at Telefónica to complete the company's turnaround process, continue to meet its objectives and ambitions, and continue to grow. "A commitment to ensure that Telefónica Spain continues to grow in revenues and stabilises OIBDA. To ensure that Germany, Brazil and the United Kingdom continue to grow. To continue controlling our exposure to Latin America and transforming its operations. To continue to achieve double-digit growth in Telefónica Tech and to reflect its value in our share price. To continue creating value and being pioneers in infrastructure models through Telefónica Infra," he said.

Telefónica's chairman expressed his willingness to continue leading the transformation of the sector through the GSMA, which is also chaired by Álvarez-Pallete, and the recent Open Gateway initiative.

In addition, José María Álvarez-Pallete has insisted in the company's commitment to defending what is fair for the sector: "We build networks for everyone, not just for a few. The time has come for an equitable distribution of this effort, a responsible use of these networks", he said. He insisted that "a new world requires new rules" and advocated a new framework for collaboration, "a framework that is balanced, fair and fosters the best of the world of Cloud Computing with the new world of Earth Computing. The 21st century framework". Such collaboration "is the solution to the many uncertainties raised by the new digital age", he added.

The Chairman of Telefónica also called for Europe to take its rightful place in this new world. "A Europe that acts as a benchmark for values, takes advantage of the opportunity offered by the arrival of the Web3 to build new networks and competes for leadership in innovation and technology. A Europe that regains its digital autonomy", he said.