

Press release _First Quarter Results 2024

Telefónica's net income reaches 532 million euros in the first quarter of the year, up 79%

- The company starts 2024 with solid growth and profitability rates, good progress in its ESG plans and a positive evolution of commercial activity.
- Telefónica increases its revenues to €10,140 million.
- The company accelerates EBITDA growth to 1.9%, up to €3,205 million.
- The Group confirms targets for 2024: revenue growth of around 1% and EBITDA and operating cash flow growth between 1% and 2%; a CapEx over revenue ratio of up to 13%; and a FCF increase of more than 10%.
- The company also ratifies the shareholder remuneration for 2024, with a dividend of €0.30 per share payable in two tranches of 0.15 euros in December 2024 and June 2025.
- Telefónica signs a non-binding MoU with DIGI for a long-term mobile network agreement in Spain.
- “We have started the year with a solid strengthening of our business, supported by the deployment of our new roadmap, the GPS strategic plan which will guide Telefónica until 2026. Revenue is improving, commercial activity is improving and the quality of the service we provide to our customers and their satisfaction is also improving. Telefónica is making steady progress in the year of its Centenary with our principles of integrity, commitment and transparency generating shareholder value”, said Telefónica Chairman José María Álvarez-Pallete.

Madrid, 9 May 2024. Telefónica today presented its results for the first quarter of 2024, a period in which it reported net income of €532 million, 78.9% higher y-o-y. In this first quarter of the implementation of the GPS (Growth, Profitability and Sustainability) plan, the company has continued the favorable evolution of its commercial activity and has recorded solid growth and profitability rates, as well as progress in its sustainability strategy. All this enabled the Group to confirm the financial targets set for the year.

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making steady progress in the year of its Centenary with our principles of integrity, commitment and transparency generating shareholder value," said Telefónica Chairman José María Álvarez-Pallete.

With regard to the targets for 2024, the company expects revenue growth of around 1%, EBITDA growth between 1% and 2% and operating cash flow (EBITDAaL-CapEx) also between 1% and 2%. In addition, it envisages a CapEx over revenue ratio of up to 13% and a FCF increase of more than 10%.

Regarding shareholder remuneration for 2024, the company will pay a cash dividend of €0.30 per share in two tranches, in December 2024 (€0.15) and in June 2025 (€0.15). In addition, it is complemented by a reduction of share capital through the cancellation of 80.3 million company's own shares in April 2024.



Growth and profitability

Telefónica reported solid growth rates in the first quarter of the year, with revenues up 0.9% to €10,140 million, driven by service revenues (+2.3%).

Of total revenues, 61% came from the residential market (B2C), 22% from the business segment (B2B), and the remaining 17% from wholesale, partners and other revenues.

Operating income before depreciation and amortization (EBITDA) strengthened the Group's profitability by more than doubling revenues in the first quarter. Specifically, it increased by 1.9% to €3,205 million.

In this wholesale context, and as a proof of the superior quality of Telefónica's nationwide network infrastructure and confirming the confidence partners have in its ability to provide

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high-quality services over such infrastructure, the company has signed a non-binding MOU with DIGI for a long-term mobile network agreement. Terms and conditions are agreed in principle, and it is expected to conclude this agreement, subject to definitive final long-form documentation, in the next few weeks.

CapEx reached 1,056 million, up 2.7%, bringing the CapEx over revenue ratio to 10.4%, fully in line with the target of up to 13% by the end of 2024.



Telefónica Tech and Telefónica Infra make strong progress

Telefónica Tech has started the year with solid revenue growth. Telefónica's digital and technology business unit reported revenues of €476 million, 11% more compared with the first quarter of 2023.

Telefónica Infra, as a global connectivity platform, ended the quarter with 22 million premises passed with the various fibre vehicles and with more than 100,000 km of international connectivity via subsea cable. Telxius, the cable operator, maintained its high profitability ratio in the quarter, with an EBITDA margin of 50.8%.

Financing over 4 billion euro in the quarter

Telefónica raised €4,008 million in long-term financing in the first quarter. Of note were the two green hybrid bonds launched in January and March.

The financing activity has enabled the group to maintain a solid liquidity position of €19,337 million. At the end of March, the company had covered the maturities of the next three years and the average maturity of the debt was close to 11.7 years.

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Commercial dynamism and customer loyalty

Telefónica ended the first quarter with 388.3 million accesses (+1%). Fibre and mobile contract accesses stood out for another quarter, growing by 12% and 3%, respectively.

The January-March period was characterized by a strong commercial activity in the various markets and by the achievement of a very favorable level of customer satisfaction, with a Net Promoter Score (NPS) of 31 points. This commitment to customers is also reflected in the fact that Spain and Brazil recorded the best churn rates in their history, falling to 0.9% and 0.97%, respectively.

Networks and Artificial Intelligence

In networks and systems, Telefónica is implementing an Artificial Intelligence programme to accelerate the application of AI by increasing the number of solutions from a total of 650 use cases today. This will reduce complexity and boost automation, efficiency, and customer experience. In the first quarter, the company launched the AI Centre of Excellence, present in each business unit to ensure privacy by design and drive the process of extending AI-based applications across the company.

On the other hand, network transformation, based on an increasing degree of virtualisation, is accelerating fibre-to-the-home (FTTH) and 5G deployments, as well as progress in switching off the copper network in Spain.

Telefónica, which maintains its position as global fibre leader, had 175 million premises passed with ultrafast networks at the end of March, of which a total of 76.6 million are FTTH, including those from the various fibre vehicles. As for 5G, Telefónica's network cover 63% of the population in its core markets: 89% of the Spanish population, 95% of the German population, 48% of the Brazilian population and 53% of the UK population.

Progress in Sustainability

Telefónica also made progress in the quarter in relation to its ESG objectives. On the environmental front, the company was included in the CDP Supplier Leaderboard for the fifth consecutive year and its Eco Smart solutions portfolio was named *Champion Project* by the ITU.

In the social area, Telefónica has continued to promote the attraction and retention of talent via diversity. Since last year the telco has 858 additional people with disabilities working within the company and over 33% of the executives are women.

In governance, all resolutions proposed by the Board of Directors were approved at the General Shareholders' Meeting. Also, thanks to the two tranche-senior green bond and a green hybrid issued in the quarter, the company has taken a further step towards its goal of linking around 40% of its financing to sustainable criteria by 2026.

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