



TELEFONICA EUROPE B.V.

Annual Report

December 31, 2024

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DIRECTORS' REPORT

The management herewith submits the Financial Statements of Telefonica Europe B.V. ("the Company") for the financial year ended on December 31, 2024. Unless stated otherwise the amounts presented below should be read in thousands of EURO.

General Information and Principal Activities

Telefónica Europe B.V. ("the Company"), having its statutory seat, place of operations and registered office in Amsterdam, The Netherlands, and registered with the Dutch Chamber of Commerce under number 24263798 is engaged in holding and financing activities for related companies. The home member state selected by the Company is Ireland. The office of the Company is located in Zuidplein 112, 1077XV, Amsterdam (The Netherlands). The Company was incorporated on October 31, 1996.

The Company's main activity is the financing of group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by Telefonica S.A, the ultimate shareholder of the Company, as disclosed in the notes to the financial statements. We paid specific attention to the areas of focus driven by the operations of the Company.

Company's main stakeholders

The Company is a wholly owned subsidiary of Telefónica, S.A., located in Madrid, Spain. Telefónica, S.A. is the ultimate parent and controlling company. At December 31, 2024 the Company does not own, directly or indirectly, any capital stock or other equity interests in any subsidiary.

Result

During the year under review, the Company recorded a [profit after taxes of EUR 2,662 thousand](#) (2023: EUR 1,562 thousand), which is set out in detail in the enclosed Statement of Profit and Loss.

The Financial Net Result has increased, from EUR 4,545 thousand in 2023 to EUR 4,830 thousand in 2024 mainly due to higher interest income accrual for subordinated obligations on-lent volumes in average terms.

Operational expenses, including personnel expenses, are EUR 1,261 thousand in 2024 after having decreased when compared to the same period of 2023 (EUR 2,462 thousand at December 31, 2023) mainly due to decreases in legal fees related to the non-executed hybrid in USD in 2023.

Financing Activity

In regular course of business, the Company continued its financing activities by entering into several financing agreements unconditionally and irrevocably guaranteed by its parent company. The most relevant financing operations formalized during 2024 are the following:

- i) On March 15, 2024, the Company [issued EUR 1,100,000 thousand Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities](#) (commonly known as hybrids) 8.1 years non-Call and carrying an interest rate of 5.7522% and on March 18, 2024, the Company [repurchased and cancelled EUR 1,096,600 thousand of its Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities](#) issued on March 14, 2019, with an annual coupon of 4.375%. The notional amount outstanding (after the cancellation of the notes) was EUR 203,400.
- ii) On September 18, 2024, the Company [issued EUR 200,000 thousand Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities](#) (commonly known as hybrids) 8 years Non-Call (Tap of the NC31) and carrying an interest rate of 6.75% (Yield of 5.15%).

- iii) On October 18, 2024, the Company called (following a Substantial Purchase Event contemplated in the Terms and conditions of the instruments) and cancelled in full the total outstanding amount EUR 203,400 thousand of its Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued on March 14, 2019, with an annual coupon of 4.375%.
- iv) In the short term, the Company continued with its issuing activity under the EUR 5,000,000 thousand Euro Commercial Paper Programme and, during 2024, placed among several international investors 46 ECPs denominated in euro for a notional amount of EUR 3,016,500 thousand. The notional outstanding at December 31, 2024 is EUR 1,165,000 thousand (December 31, 2023: EUR 1,000,000 thousand).

Research and development

The Company, due to its nature of business primarily being financing, does not engage in research and development activities.

Subsequent events

No material subsequent events, affecting these Annual Financial Statements, have taken place until the date of this report.

Future developments

Subject to financial market conditions, the Company will continue to seek and prospect for new markets and sources of finance for the Telefónica Group in order to extend its investor base.

Currently, there is no liquidity shortage within the Company in relation to the debts due for the coming 12 months. The Company will continue to monitor its solvency and liquidity position.

Risks and uncertainties

The main risk and uncertainties the Company will face are summarized as follows:

i) Liquidity and credit risk:

Liquidity and credit risks management is implemented according to the Telefonica Group policies. As of December 31, 2024, the Company has lent the funds borrowed, to Telefónica, S.A. which guarantees most of the external debt subscribed by the Company. However, from time to time the Company could invest funds in other companies within the Group. In addition, the Company holds cash balances in several financial institutions.

In summary, any substantial credit or liquidity risk would be related to credit risk of Telefónica S.A. and its Group.

ii) Interest rate and Foreign Exchange risk:

Currently, the Company lends money to Telefónica S.A. denominated in the same currency although, from time to time the Company may also lend money to other companies within the Group. At present, all loans granted are denominated in the same currency as the funds it raises on the capital markets. Therefore, the Company is implementing a natural hedge and foreign exchange fluctuation in exchange rates have very limited impact on its financial result.

However, the Company may have a limited foreign exchange risk due to the financial margin earned in several currencies different from Euro (mainly JPY and USD) and cash positions held in foreign currencies (USD, JPY and GBP).

As of today, the Company policy is to hedge any interest rate exposure arising from funding raised, by investing on the similar terms and conditions (tenors and type of interest, whether it may be floating or fixed interest rates).

Nevertheless, if that would not be eventually possible, or the management may not consider it appropriate, the Company may look to mitigate any interest rate risk in other ways (by using derivatives or any other suitable instrument), or eventually decide not to hedge it.

iii) Existing or worsening conditions in the financial markets may limit the Telefónica's Group ability to finance, and consequently, the ability to carry out its business plan:

Telefónica's international presence enables the diversification of its activities across countries and regions, but it exposes Telefónica to diverse legislation, as well as to the political and economic environments of the countries in which it operates. Any adverse developments in these countries, such as economic uncertainty, inflationary pressures, rapid normalization of monetary policy, exchange rate or sovereign-risk fluctuations, as well as growing geopolitical tensions, may adversely affect Telefónica's business, financial position, debt management, cash flows and results of operations and/or the performance of some or all of the Group's financial indicators.

In recent years, successive shocks have ushered in a period characterized by extraordinary uncertainty and the simultaneous occurrence of multiple negative disruptions. Inflationary pressures arising from bottlenecks associated with the rapid post-pandemic recovery, coupled with increases in commodity prices, led to a robust response from central banks (raising interest rates and withdrawing liquidity from the system) and a significant loss of purchasing power for consumers. Additionally, the recent higher wage demands observed internationally, reflecting both the strength of labour markets, especially those in major developed economies, and the prevalence (though to a lesser extent than in the past) of wage indexation mechanisms, have also contributed to these inflationary pressures.

Although inflationary pressures eased in 2024, there are recent signs that progress is stalling in some countries where the Group operates, or even reversing course as in Brazil. Price pressures and relatively high interest rates persist in many countries. Geopolitical events such as the Russia-Ukraine war, armed conflict and political instability in the Middle East and the possible imposition of tariffs by the US pose risks to inflation dynamics, interest rates and exchange rates. Moreover, there is a risk that the decrease in global liquidity and higher-for-longer interest rates could generate increased financial volatility, giving rise to new stress episodes, especially if inflation proves to be more persistent than expected. Additionally, premature monetary easing by central banks could lead to resurgent inflation, potentially triggering a new stagflation period akin to the 1970s.

Looking forward, elements that could worsen the effects of the current situation include the escalation of armed conflicts and potential disruptions to energy and goods supply, as well as possible additional increases in commodity prices. This could result in a potential de-anchoring of inflation expectations and higher-than-expected wage hikes, prolonging and amplifying the inflation-recession scenario. As a consequence of the above, economic growth is expected to remain weak in the short term, with the risk of recession still present in some parts of the world.

So far, the main European countries where the Group operates have been affected by the ongoing geopolitical conflicts mainly through the price channel (higher commodity prices, intermediate inputs and salary costs, among others), as their direct trade and financial exposure is limited. However, there continues to be a concern in Europe about energy dependence in the face of potential episodes of gas shortages and lengthening energy transition. Latin America could be affected by lower external demand associated with slower global growth, deteriorating terms of trade, tighter financial conditions and doubts about debt sustainability.

In Europe, there are several economic and political risks. Firstly, the evolution of armed conflicts poses a threat to growth and inflation prospects. Any worsening in the supply of gas, oil, food, or other goods due to disruptions in the supply chain would negatively impact their prices, with a consequent effect on the disposable income of both households and businesses. In the medium term, this could result in wage increases, a persistent rise in inflation,

and tighter monetary policy. Any of the above could have a negative impact on the cost of financing for the private sector, including Telefónica, and could trigger episodes of financial stress.

In addition, there is also a risk of financial fragmentation in the eurozone, meaning that interest rates may react differently in different countries within the eurozone, leading to differences in yields on bonds issued by more indebted countries (including Spain) and those issued by less indebted countries, making it challenging for the former to access credit at low rates.

Lastly, Europe faces three significant long-term risks. First, Europe may fall behind in the global technological race in particular because of both its dependence on several critical raw materials, indispensable for key sectors, that must be imported from other regions, and its lag in technological innovation. Second, a burdensome regulatory environment in the European Union poses a significant threat to business, impeding growth and eroding competitiveness, with companies based in countries and regions where regulations are relatively less complex, extensive or restrictive. Third, demographic factors such as declining birth rates and population aging may have a negative impact on the region's labor force and long-term growth prospects.

Regarding political risk, centrist political groups maintained a majority following the 2024 European Parliament elections but nationalist and populist parties made significant gains. It remains to be seen whether greater fragmentation in the parliament will hinder governance and the continuity of the ongoing agenda in fiscal and economic matters, climate and energy policy as well as other aspects of regional governance.

iv) Fraud/Bribery/Anticorruption:

Telefónica Europe, B.V. as a company belonging to Telefónica, S.A. falls within the control environment of the Telefónica S.A. group. In ethics and compliance management, we follow several lines of action to ensure ethical behavior throughout our Company, based on zero tolerance of corruption and bribery. The system is based on legal compliance, employee training, and the establishment of internal mechanisms for reporting potential non-compliance. It is accompanied by principles of fair competition, political neutrality, fiscal transparency and responsible communication, and is monitored by the Company's internal control processes including processes such as the authorization of payments. Telefónica Europe, B.V. has accessibility to the same whistleblower channel as Telefónica S.A. that allows employees and stakeholders to make a complaint anonymously or personally to report any alleged irregularity or act contrary to the law or internal regulations. Since the end of 2020, it has been accessible through a form on the website to give access to all stakeholders and thus comply with the European Directive on the Protection of Persons Reporting Breaches of EU Law and with the update of the Good Governance Code for listed companies. Management of the Complaints Channel is governed by the principles of confidentiality of the data provided, i.e. respect, substantiation and completeness. In cases where irregularities are identified, the Audit and Control Committee of Telefónica S.A. and the board of directors of Telefónica Europe B.V. are informed. In 2024, no instances have been reported with respect to Telefónica Europe B.V.

v) Climate Change:

Telefónica Europe B.V.'s exposure to climate change is mainly through potential impacts on climate change from the Telefónica group. The Telefónica Group is committed to deploying the most efficient telecommunications networks (fibre and 5G) powered by renewable energy. The Telefónica Group is working to become a leading supplier of solutions that help our customers to reduce their CO2 emissions and promotes the circular economy in the use of electronic devices through eco-design, reuse and recycling. No significant direct impacts are expected for Telefonica Europe B.V.'s financial position.

ESG reporting regulation, Corporate Sustainability Reporting Directive (short: CSRD), is being implemented in Europe. The broader group is implementing CSRD at a group level to report over financial year 2024 and working together with Telefonica Europe B.V. to translate the group DMA into meeting the requirements for the Company.

Telefónica Europe B.V. is monitoring the enactment of the regulation into Dutch law. After this enactment is completed and Omnibus proposal is issued it will become final what the standalone reporting requirements of the entity will be, potentially over financial year 2025 in 2026.

No significant impact regarding risks and uncertainties occurred during past financial year.

Solvency of the Company

The solvency of the Company is linked to the liquidity and credit risk described below in the financial risk note.

Dutch Act on Management and Supervision

The Dutch Act on Management and Supervision indicated target figures for a balanced gender distribution when, of the seats occupied by individuals, at least 30% are occupied by women and at least 30% by men.

Given the law enactment the Company did not meet the above-mentioned gender balance in 2024 (25%) neither in 2023 (25%). The Company will pursue a policy to comply with the guidelines of the act and continue to strive for an adequate and balanced composition of its board of directors in future appointments, by considering all relevant selection criteria, including but not limited to gender balance and executive experience.

On an annual basis and since 2023 the Company is reporting to the Diversity Portal as an initiative of the *Sociaal Economische Raad* (SER) and established a plan of action to set an appropriate and ambitious target to comply with the guidelines of the act and continue to strive for an adequate and balanced composition of its board of directors in future appointments (The Diversity Portal is an initiative to motivate and facilitate companies in the Netherlands to work on gender diversity in the boardrooms). The target for the board of directors is set at 33.33% for 2026.

Audit Committee

The Company has not established an audit committee, as it is delegated to the audit committee of the parent company by using the exemption for subsidiaries as mentioned under article 3 of the legislation as announced on July 26, 2008 ("Koninklijk Besluit 323").

Average number of employees

During the period under review the Company employed 2 persons until September 2024 and 1 person for the rest of the period, none of them working outside The Netherlands.

Amsterdam, February 25, 2025

/s/

Mr. Carlos David Maroto Sobrado

/s/

Mr. François V. N. Declève

/s/

Mr. Lennart Pieter Schoenmaker

/s/

Mrs. Priscilla Schraal

Responsibility Statement

The board of directors have signed these financial statements pursuant to their statutory obligations under art. 5:25c(2)(c) Financial Markets Supervision Act. to the best of their knowledge, the financial statements give a true and fair value of the assets, liabilities, financial position and profit or loss of the company in accordance with Title 9 Book 2 of the Dutch Civil Code, and the board of director's report gives a true and fair view of the position and performance of the business of the company, and reflects the significant risks related to the business.

The Directors of the Company wish to state:

- That the financial statements give a true and fair view of the assets, liabilities, financial position and result of the Company;
- That the annual report gives a true and fair view of the position as per the balance sheet date, the development during the financial year of the Company, together with a description of principal risks it faces;
- That the director's report gives a true and fair review of the development and the performance of the business of the Company during the financial year to which the report relates.

Amsterdam, February 25, 2025

/s/

Mr. Carlos David Maroto Sobrado

/s/

Mr. Lennart Pieter Schoenmaker

/s/

Mr. François V. N. Declève

/s/

Mrs. Priscilla Schraal

FINANCIAL STATEMENTS

BALANCE SHEET
AS AT DECEMBER 31, 2024
(before appropriation of result)

Euros in thousands

ASSETS	Note	2024	2023
Fixed Assets			
Tangible fixed assets	1	1	1
Financial fixed assets	2	9,324,751	9,238,280
Total Fixed Assets		9,324,752	9,238,281
Current Assets			
Loans receivable	3	1,143,746	985,792
Interest receivable		245,328	240,713
Other current assets		763	1,517
Cash at bank	4	3,135	2,300
Total Current Assets		1,392,972	1,230,322
TOTAL ASSETS		10,717,724	10,468,603
SHAREHOLDER'S EQUITY AND LIABILITIES	Note	2024	2023
Shareholder's Equity	5		
Issued share capital		46	46
Retained earnings		4,701	4,701
Result for the year		2,662	1,562
Interim dividend		(2,227)	(1,206)
Undivided result		435	356
Total Shareholder's Equity		5,182	5,103
Long Term Liabilities			
Bonds and loans	6	9,325,004	9,238,562
Total Long Term Liabilities		9,325,004	9,238,562
Current Liabilities			
Short term loans and bonds	7	1,143,746	985,792
Interest payable		243,096	238,522
Taxes payable		166	89
Other debts and accrued liabilities		530	535
Total Current Liabilities		1,387,538	1,224,938
TOTAL EQUITY & LIABILITIES		10,717,724	10,468,603

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED
DECEMBER 31, 2024**

Euros in thousands

	Note	2024	2023
Financial Income and Expenses			
Interest Income		541,579	499,056
Interest Expense		(536,736)	(494,512)
Currency Exchange result		(13)	1
Net financial result	8	4,830	4,545
Operational Expenses			
Personnel expenses		(174)	(186)
Administrative expenses	9	(1,087)	(2,276)
Result from ordinary activities before taxation		3,569	2,083
Taxation	10	(907)	(521)
RESULT AFTER TAXATION		2,662	1,562

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
DECEMBER 31, 2024**

General Information and Principal Activities

Telefónica Europe B.V. ("the Company"), having its statutory seat, place of operations and registered office in Amsterdam, The Netherlands, and registered with the Dutch Chamber of Commerce under number 24263798 is engaged in holding and financing activities for related companies. The home member state selected by the Company is Ireland. The office of the Company is located in Zuidplein 112, 1077XV, Amsterdam (The Netherlands). The Company was incorporated on October 31, 1996.

The Company's main activity is the financing of group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by Telefonica S.A, the ultimate shareholder of the Company, as disclosed in the notes to the financial statements. We paid specific attention to the areas of focus driven by the operations of the Company, as set out below.

The authorized share capital of the Company consists of 100 ordinary shares with a par value of EUR 460 each (EUR 46,000). On December 31, 2024, and December 31, 2023, the issued capital of the Company consists of 100 ordinary shares, which have been fully paid and which represent a total paid up capital in the amount of EUR 46,000.

Group Affiliation

The Company is a wholly-owned subsidiary of Telefónica, S.A., located in Madrid, Spain. Direct or indirect subsidiaries of Telefónica, S.A. are referred to as related companies.

At December 31, 2024 and December 31, 2023, the Company does not own, directly or indirectly, any capital stock or other equity interests in any subsidiary.

Basis of Presentation

The financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

As most of its activities are carried out in the Eurozone and the Company is domiciled in the Netherlands, the functional currency is the Euro. Therefore, these financial statements are presented in Euro.

Euro Medium Term Note Debt Programme

In 1996, the Company entered into a USD 1,500,000 thousand EMTN Debt Issuance Programme, arranged by Morgan Stanley & Co. International Limited, unconditionally and irrevocably guaranteed by Telefónica, S.A. Under the Programme, the Company may from time to time issue instruments in different currencies up to a maximum aggregate principal amount of USD 1,500,000 thousand. The total maximum aggregate principal amount was increased in 1998 to USD 2,000,000 thousand. In 2000, the total maximum aggregate principal amount was increased to EUR 8,000,000 thousand and finally, in July 2003, the maximum aggregate principal amount was increased again to EUR 10,000,000 thousand. The notes are listed on the Irish Stock Exchange. The Company has not issued any notes under this Programme since 2003. The proceeds of the notes issued are lent to the parent company or to other related companies within the group of the parent company (Telefónica, S.A.).

As at December 31, 2024, the EMTN Debt Issuance Programme includes:

Euro Notes due 2033	EUR	500,000,000 (EUR 500,000 thousand on December 31, 2023)
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Global bonds

As at December 31, 2024, there is only one outstanding note USD 1,250,000 thousand (USD 1,250,000 thousand on December 31, 2023) carrying a semi-annual coupon of 8.25% and maturing on September 2030 and is quoted in Frankfurt and New York.

Euro Commercial Paper Programme (ECP Programme)

On June 29, 2000, the Company entered into a Euro Commercial Paper Programme with a maximum aggregate principal amount of EUR 2,000,000 thousand or its equivalent in alternative currencies. The Programme was updated in May 2005 and in May 2012, when its maximum aggregate principal amount outstanding (limit of the Programme) was raised from EUR 2,000,000 thousand to EUR 3,000,000 thousand or its equivalent in alternative currencies. On April 22, 2016, the limit of the Programme was increased again by fixing this maximum outstanding principal amount into EUR 5,000,000 thousand or its equivalent in the alternative currencies. On December 17, 2019, the Company entered into an amended and restated agreement with no impact on the limit of the Programme fixed on April 22, 2016.

The parent company guarantees in an unconditional and irrevocable basis all issues made under the ECP Programme. Notes may have any denomination, subject to compliance with any applicable legal and regulatory requirements. The minimum denominations are EUR 500,000, USD 500,000, JPY 100,000,000, and GBP 100,000. The tenor of the notes shall be not less than one or more than 365 days.

The notional outstanding amount as at December 31, 2024 is EUR 1,165,000 thousand (EUR 1,000,000 thousand on December 31, 2023). In the balance sheet the outstanding ECP issues are stated at their discounted notional amounts and were accounted for EUR 1,143,746 thousand at December 31, 2024 (EUR 985,792 thousand on December 31, 2023).

JPY Dual Currency Loan

The Company borrowed JPY 15,000,000 thousand in three loans from a Japanese investor with a maturity on July 2037. Under this agreement interests are payable in USD on a semi-annual basis at a fix annual rate of 4.75%. The notional outstanding amount as at December 31, 2024 and December 31, 2023 is JPY 15,000,000 thousand.

Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities in EUR and in GBP

On September 18, 2013, the Company issued two tranches of Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities ("Hybrids") of EUR 1,125,000 thousand and EUR 625,000 thousand respectively. A third issue of GBP 600,000 thousand was completed on November 26, 2013.

On March 31, 2014, the Company issued two tranches of Hybrids of EUR 750,000 thousand and EUR 1,000,000 thousand. On December 4, 2014, the Company issued a new tranche of Hybrids of EUR 850,000 thousand.

On September 15, 2016, the Company issued a new tranche of Hybrids of EUR 1,000,000 thousand.

On December 7, 2017, the Company issued a new tranche of Hybrids of EUR 1,000,000 thousand of Hybrids.

On March 22, 2018, the Company issued two additional tranches of Hybrids of EUR 1,250,000 thousand and EUR 1,000,000 thousand. On March 23, 2018, the company repurchased and cancelled EUR 1,287,400 thousand and GBP 428,500 thousand (equivalent to EUR 490,848 thousand) across four Euro denominated and one British Sterling denominated hybrid securities. On September 18, 2018, coinciding with the first call date, the Company cancelled EUR 473,300 thousand of the EUR 1,125,000 thousand issued on September 18, 2013, carrying an annual coupon of 6.50%. After this cancellation no amount was due from this hybrid securities since the Company had already repurchased and cancelled EUR 651,700 thousand in a partial repurchase executed on March 23, 2018.

On March 14, 2019, the Company issued a new tranche of Hybrids of EUR 1,300,000 thousand. On March 15, 2019, the company repurchased and cancelled EUR 934,700 thousand of hybrid securities. On May 7, 2019, the Company called (following a substantial purchase event) and cancelled EUR 118,300 thousand of the EUR 850,000 thousand hybrid securities issued on December 4, 2014, that were originally issued with a first call date on December 4, 2019 and carried an annual coupon of 4.2%. After this cancellation no amount was due from this hybrid securities, since the Company had already repurchased and cancelled EUR 145,200 thousand in a partial repurchase (on March 23, 2018) and EUR 586,500 thousand in another partial repurchase (on March 15, 2019). On September 24, 2019, the Company issued a new tranche of Non-Call 8 years Hybrids of EUR 500,000 thousand and carrying an interest rate of 2.875%.

On February 5, 2020, the Company issued a new tranche of Non-Call 7.25 years Hybrids of EUR 500,000 thousand and carrying an interest rate of 2.502%. On February 6, 2020, the Company repurchased and cancelled EUR 232,000 thousand and GBP 128,200 thousand (equivalent to EUR 151,055 thousand) across one Euro denominated and one British Sterling denominated hybrid securities. After the liquidation and cancellation of the repurchased hybrids, and as agreed in the terms and conditions, the Company announced the option to exercise the clean-up call of both series (equivalent to EUR 111,719 thousand). On March 31, 2020, the Company called (following a Substantial Purchase Event contemplated in the Terms and conditions of the instruments) and cancelled in full the total outstanding amount EUR 292,700 thousand of its Hybrids issued on March 31, 2014, with an annual coupon of 5.0%.

On February 12, 2021, the Company issued a new tranche of Non-Call 8.25 years Hybrids of EUR 1,000,000 thousand and carrying an interest rate of 2.376%. On February 15, 2021, the Company repurchased and cancelled EUR 757,600 thousand of hybrid securities and on July 12, 2021 the Company repurchased and cancelled EUR 114,900 thousand of hybrid securities. After the liquidation and cancellation of the repurchased hybrids, and as agreed in the terms and conditions, the Company announced the option to exercise the clean-up call and on September 1, 2021, the Company called (following a substantial purchase event) and cancelled in full the total outstanding amount EUR 127,500 thousand of its Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued on September 15, 2016 with an annual coupon of 3.75%. On November 24, 2021, the Company issued a new tranche of Non-Call 6.5 years Hybrids of EUR 750,000 thousand and carrying an interest rate of 2.88%. On November 25, 2021, the Company repurchased and cancelled EUR 750,000 thousand across two Euro denominated hybrid securities.

On November 23, 2022, the Company issued a new tranche of Non-Call 6 years Hybrids of EUR 750,000 thousand and carrying an interest rate of 7.125%. On November 24, 2022, the Company repurchased and cancelled EUR 621,000 thousand across two Euro denominated hybrid securities. After the liquidation and cancellation of the repurchased hybrids, and as agreed in the terms and conditions, the Company announced the option to exercise the clean-up call and on December 27, 2022, the Company called (following a substantial purchase event) and cancelled in full the total outstanding amount EUR 129,000 thousand of its Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued on December 7, 2017 with an annual coupon of 2.625%.

On February 2, 2023, the Company issued a new tranche of Hybrids Non-Call 7.25 years of EUR 1,000,000 thousand and carrying an interest rate of 6.135%. On February 3, 2023, the Company repurchased and cancelled EUR 1,000,000 thousand across two Euro denominated hybrid securities: EUR 612,400 thousand of the Non-Call 10 years with an annual coupon of 5.875% and EUR 387,600 thousand of the Non-Call 5.7 with an annual coupon of 3%. On September 7, 2023, the Company issued a new tranche of Hybrids Non-Call 8 years of EUR 750,000 thousand and carrying an interest rate of 6.75%. On September 8, 2023, the Company repurchased and cancelled EUR 242,400 thousand of the Non-Call 10 years with an annual coupon of 5.875%. After the liquidation and cancellation of the repurchased hybrids the Company announced the option to exercise the clean-up call and on October 11, 2023, the Company called (following a substantial purchase event) and cancelled in full the total outstanding amount EUR 145,200 thousand of its Non-Call 10 years with an annual coupon of 5.875%. On

December 4, 2023, the Company called (exercising its Issuer Call Option) and cancelled in full the total outstanding amount EUR 362,400 thousand of the Non-Call 5.7 years with an annual coupon of 3%.

On March 15, 2024, the Company issued EUR 1,100,000 thousand Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities (commonly known as hybrids) 8.1 years non-Call and carrying an interest rate of 5.7522% and on March 18, 2024, the Company repurchased and cancelled EUR 1,096,600 thousand of its Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued on March 14, 2019, with an annual coupon of 4.375%. The notional amount outstanding (after the cancellation of the notes) was EUR 203,400.

On September 18, 2024, the Company issued EUR 200,000 thousand Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities (commonly known as hybrids) 8 years Non-Call (Tap of the NC31) and carrying an interest rate of 6.75% (Yield of 5.15%).

On October 18, 2024, the Company called (following a Substantial Purchase Event contemplated in the Terms and conditions of the instruments) and cancelled in full the total outstanding amount EUR 203,400 thousand of its Undated Deeply Subordinated Guaranteed Fixed Rate Reset Securities issued on March 14, 2019, with an annual coupon of 4.375%.

The notional amount repurchased (and cancelled) and premium was the following:

Euros in thousands				
ISIN	Description	Repurchase Notional amount	Premium	Total amount paid*
XS1933828433	EUR 1,300,000,000 4.375% perpetual (non-call 6 years) Hybrid Securities	EUR 1,300,000	EUR 3,290	EUR 1,303,290
Total Euro denominated Hybrid securities		1,300,000	3,290	1,303,290

*Excluding accrued interests

The hybrid securities outstanding at December 31, 2024, amounted a total notional amount equivalent to EUR 7,550,000 thousand. At December 31, 2024 all hybrid securities issued by the Company are listed for trading on the Irish Stock Exchange (through Euronext Dublin and the Global Exchange Market).

The main terms of the tranches currently outstanding at December 31, 2024 are the following:

- i. EUR 1,000,000 thousand issued on March 22, 2018, and with a first reset date on September 22, 2026, with an annual coupon of 3.875% (ISIN: XS1795406658);
- ii. EUR 500,000 thousand issued on September 24, 2019, and with a first reset date on September 24, 2027, with an annual coupon of 2.875% (ISIN: XS2056371334);
- iii. EUR 500,000 thousand issued on February 5, 2020, and with a first reset date on May 5, 2027, with an annual coupon of 2.502% (ISIN: XS2109819859);
- iv. EUR 1,000,000 thousand issued on February 12, 2021, and with a first reset date on May 12, 2029, with an annual coupon of 2.376% (ISIN: XS2293060658);
- v. EUR 750,000 thousand issued on November 24, 2021, and with a first reset date on May 24, 2028, with an annual coupon of 2.880% (ISIN: XS2410367747);
- vi. EUR 750,000 thousand issued on November 23, 2022, and with a first reset date on Nov 23, 2028, with an annual coupon of 7.125% (ISIN: XS2462605671);

vii. EUR 1,000,000 thousand issued on February 2, 2023, and with a first reset date on May 3, 2030, with an annual coupon of 6.135% (ISIN: XS2582389156);

viii. EUR 950,000 thousand issued on September 7, 2023, and with a first reset date on Sep 7, 2031, with an annual coupon of 6.75% (ISIN: XS2646608401) (includes the TAP of EUR 200,000 thousand issued on September 18, 2024);

ix. EUR 1,100,000 thousand issued on March 15, 2024, and with a first reset date on Apr 15, 2032, with an annual coupon of 5.752% (ISIN: XS2755535577).

The annual coupon included for all the securities is until the first reset date. After that, they will be reset depending on the swap rates as disclosed in each security listed documentation.

Investments of the Company

Substantially all the net proceeds from the principal or notional amounts obtained or borrowed by the Company under its financing activities have been lent on to the parent company.

Cash flow statement

A cash flow statement has not been included in this financial statement as the Company's cash flows are included in the consolidated cash flow statement in the financial statements of the ultimate parent company Telefónica, S.A., which can be obtained from its website www.telefonica.com. This exemption is provided in DAS 360.104.

ACCOUNTING POLICIES

General

The accounting principles of the Company are summarized below. These accounting principles have all been applied consistently throughout the year and the preceding year unless otherwise indicated.

Going concern

Management believes that there is no going concern risk as there isn't a material uncertainty for the Company and concluded that there is not a risk of going concern for the next 12 months from the date of preparation of the financial statements.

Inherent to the company's activities, the going concern of the Company is dependent upon the performance of the financial performance of the counterparties of the loans issued to Telefonica S.A. Group companies. The Company's Directors evaluated the financial position of the counterparties of loans to group companies and their ability to repay the notional and interest to the Company. The Company has not identified events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Company will continue to monitor its solvency and liquidity position and believes that neither the energy crisis nor the inflation or the Russia-Ukraine and the Israel-Hamas armed conflicts would have material adverse effect on the Company's liquidity and solvency position.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into the presentation currency at exchange rates prevailing at the Balance Sheet date. Any resulting exchange differences are recorded in the Statement of Profit and Loss.

Revenues and expenses in the year under review, which are denominated in foreign currencies, are translated into the reporting currency at the Exchange rate of the transaction date.

Accounting policies in respect of the Balance Sheet

Tangible fixed assets

Tangible fixed assets are stated at their historical cost net of accumulated depreciation and any accumulated impairment. Depreciation is provided over the expected useful life of the related asset under the straight-line depreciation method. The estimated useful lives are:

Furniture and office equipment: 3 to 5 years

Financial fixed assets

At its initial recognition in the Balance Sheet, long term receivables from related companies are measured at its fair value, which is the transaction price plus the transaction costs that are directly attributable to the issue of the financial asset.

Subsequently, long term receivables from related companies are carried at amortized cost using the effective interest rate method, except where otherwise stated in these notes. Gains and losses are recognized in the Profit and Loss statement when the loans are derecognized or impaired, as well as through the amortization process.

Transactions with related parties

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Currently the Company doesn't have any subsidiary. All legal entities that can be controlled, jointly controlled or significantly influenced would be considered to be a related party. Also, entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at both a specific and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired, together with receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Current loans receivables and other payables

Current loans are those with a maturity equal to or lower than 12 months. As from its initial recognition current loans receivables and payables are carried at amortized cost using the effective interest rate method, except where otherwise stated in these notes.

Interest receivables and interest payables

The Company accrues interest income and expenses in the balance sheet current assets or current liabilities, as it is applicable, when such interests are receivable/due according to the terms and conditions of the instruments subscribed. Following an interest payment, the accrual of interest is derecognized (in the same amount) in balance sheet.

Cash at banks

Cash at banks represent cash in bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks is carried at nominal value.

Bonds and loans

At its initial recognition in the Balance Sheet, bonds and loans are measured at its fair value, which is the price of the transaction minus the transaction costs that are directly attributable to the issue of the financial liability.

Subsequently, bonds and loans are carried at amortized cost using the effective interest rate method, except where otherwise stated in these notes. Gains and losses are recognized in the Statement of Profit and Loss when the liabilities are derecognized as well as through the amortization process.

Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Telefonica Europe B.V. make estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the true and fair view required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the fair value note of the relevant financial statement item.

Accounting policies in respect of result determination

Interest incomes and expenses

Interest income and expense are recognized in profit or loss using the effective interest rate method. The effective interest rate includes all fees and basis points paid or received that are an integral part of the effective interest rate. This includes transaction costs that are directly attributable to the acquisition or issue of financial assets or liabilities.

Costs and revenues are recognized in the year to which they refer regardless of when paid or received, in accordance with the accrual basis. Differences between amounts received and paid and the corresponding revenue and costs are recognized under the correspondent caption of financial assets or financial liabilities.

Operational income and expenses are based on the historical cost convention and attributed to the financial year to which they pertain.

Taxation

Taxation is calculated on the reported pre tax result, at the prevailing tax rates, taking account of any losses carried forward from previous financial years and tax exempt items and non-deductible expenses and using tax facilities.

Temporary differences between taxation on the result as shown in the Statement of Profit and Loss and the taxation on the fiscal result are added or deducted from the provision for deferred taxation.

As of FY2024, the Dutch Minimum Tax Act 2024 has been enacted, implementing the OECD Global Model Rules, which establish a global minimum tax of 15% for multinational corporations. This legislation includes transitional safe harbour rules designed to lower the administrative burden and facilitate compliance for the first three years, provided that certain criteria are met.

The Spanish parent entity, Telefónica S.A., has analyzed the application of the Pillar 2 rules, and based on this assessment the transitional safe harbour rules are applied, resulting in no top-up tax expected to be due in the Netherlands for 2024. It is within the scope of the OECD Pillar Two model rules, and it applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate.

FINANCIAL RISKS

General

The risk appetite defines appetite bandwidths, alert and tolerance levels for the main risk domain the Company is exposed to. The risk appetite, governance, and monitoring metrics for each risk domain are described in more detail in the sections below. The risk appetite in respect to below-mentioned risk are considered low as all financing activities are guaranteed by the Parent company (Telefónica, S.A.).

The information included in the notes for financial instruments is useful to estimate the extent of risks relating to on-balance sheet financial instruments. The Company's primary financial instruments, not being derivatives, serve to finance the Telefonica's Group operating activities. The principal risks, arising from the Company's financing operations are, liquidity, credit, interest and foreign exchange risks. These risks are set out in detail below:

i. Liquidity and credit risk

Liquidity and credit risk management is implemented according to the Telefonica Group policies. As of December 31, 2024, the Company has invested the funds borrowed in Telefónica, S.A. which guarantees most of the external debt subscribed by the Company. However, from time to time the Company could also invest the funds in other companies within the Group. In addition, the Company holds cash balances in several financial institutions. In summary, any substantial credit or liquidity risk would be related to credit risk and liquidity of Telefónica, S.A. and its Group.

As of December 31, 2024, Telefónica, S.A. and Telefónica Europe B.V. have been granted the same company credit ratings. These ratings are the following:

- Moody's Investors Services: Baa3 for the long term rating and P-3 for the short term rating. Outlook stable and last changed November 7, 2016.
- Fitch Ratings: BBB for the long term rating and F-2 for the short term rating. Outlook stable and last changed September 5, 2016.
- Standard and Poor's: BBB- for the long term rating and A-3 for the short term rating. Outlook stable and last changed November 20, 2020.

ii. Interest rate and Foreign Exchange risk

Currently, the Company lends money to Telefónica S.A. although, from time to time, the Company may also lend money to other companies within the Telefonica Group. At present, all loans granted are denominated in the same currency as the funds it raises on the capital markets. Therefore, the Company is implementing a natural hedge. Consequently, foreign exchange fluctuations have a limited impact on its financial result.

However, the Company may have a limited foreign exchange risk due to the financial margin earned in several currencies different from Euro (mainly US Dollar) and also due to some cash positions held in foreign currencies (US Dollar and British Pound).

Currently, the Company's policy is to hedge any interest rate exposure coming from funding raised by investing on similar terms and conditions (tenors and type of interest, whether it may be floating or fixed interest rates). Nevertheless, if that would not eventually be possible, or the management may not consider it appropriate, the Company may look to mitigate any interest rate risk in other ways (by using derivatives or any other suitable instrument) or eventually may decide not to hedge it.

1. Tangible Fixed Assets

The tangible fixed assets are comprised as follows:

	<i>Euros in thousands</i>	
	2024	2023
Tangible fixed assets	1	1

The movement in the tangible fixed assets is as follows:

	<i>Euros in thousands</i>	
	2024	2023
Carrying value		
Balance January 1	97	97
Additions	-	-
Balance	97	97
Accumulated depreciation		
Balance January 1	(96)	(95)
Change for the period	(0)	(1)
Balance	(96)	(96)
Net book value	1	1

2. Financial fixed assets

	<i>Euros in thousands</i>	
	2024	2023
Long term receivables from related companies	9,324,751	9,238,280
Financial Fixed assets	9,324,751	9,238,280

The movement in the financial fixed assets is as follows:

	<i>Euros in thousands</i>	
	2024	2023
Balance January 1	9,238,280	9,291,518
Deferred Commissions amortization	7,835	8,524
Repayments	(1,300,000)	(1,751,288)
New Loans	1,311,345	1,739,775
Foreign Exchange result	67,291	(50,249)
Balance as at December 31	9,324,751	9,238,280

On March 15, 2024, the Company lent to Telefónica, S.A. an amount equal to EUR 1,100,000 thousand which corresponds to the principal amount of the issuance of the securities by the Lender and on March 18, 2024 the Company cancelled in advance EUR 1,096,600 thousand loans with Telefónica, S.A.

On September 18, 2024, the Company lent to Telefónica, S.A. an amount equal to EUR 200,000 thousand which corresponds to the principal amount of the issuance of the securities by the Lender and on October 18, 2024, the Company called (exercising its Issuer Call Option) and cancelled EUR 203,400 thousand loans with Telefónica, S.A.

Long-term receivables from related companies

The long-term receivables from related companies represent loans to Telefónica, S.A. and total a book value of EUR 9,324,751 thousand on December 31, 2024 (EUR 9,238,280 thousand at December 31, 2023). The average interest rate for the long-term receivables is 5.18% for financial year 2024 and 4.86% for financial year 2023.

Euros in thousands

Description	2024	2023
USD 1,250,000,000, maturity September 15, 2030	1,198,346	1,126,369
EUR 500,000,000, maturity February 14, 2033	495,757	495,305
JPY 5,000,000,000/USD 42,640,287, maturity July 27, 2037	30,561	31,868
JPY 5,000,000,000/USD 42,640,287, maturity July 27, 2037	30,561	31,868
JPY 5,000,000,000/USD 42,640,287, maturity July 27, 2037	30,561	31,868
EUR 1,000,000,000 maturity September 22, 2058	998,562	997,772
EUR 1,300,000,000 maturity March 14, 2060	-	1,298,323
EUR 500,000,000 maturity September 24, 2060	498,895	498,512
EUR 500,000,000 maturity February 05, 2060	498,950	498,520
EUR 1,000,000,000 maturity May 12, 2061	996,784	996,091
EUR 750,000,000 maturity May 24, 2062	747,595	746,931
EUR 750,000,000 maturity Nov 23, 2062	745,347	744,351
EUR 1,000,000,000 maturity May 3, 2063	995,486	994,794
EUR 950,000,000 maturity Sep 7, 2063	963,084	745,708
EUR 1,100,000,000 maturity Apr 15, 2064	1,094,262	-
Total Long-term receivable from related companies	9,324,751	9,238,280

The fair value for the long term receivables from the related companies are not substantially different (less than 0.005%) to the fair value of the long term bonds and loans (disclosed at in note 6), since the terms and conditions of these long term receivables are almost equal to the terms and conditions of the bonds and loans issued. These issuances have all been guaranteed by Telefonica SA and subsequently the loans are also issued to Telefonica SA.

The calculation of the fair value for the long term receivables from the related companies has been calculated by applying level 2 (of the hierarchy disclosed in note 6) after discounting the cash flows of the loans using an estimated credit spread curve for each applicable currency.

The Company has not and has not been asked to grant any payment holidays on their loans to group companies.

3. Loans receivable

The loans receivable comprises short-term loans due by the shareholder (granted by means of loan agreement dated May 10, 2012) and other related companies (if any) and amounted EUR 1,143,746 thousand on December 31, 2024 (EUR 985,792 thousand on December 31, 2023). The average interest rate is 3.81% for financial year 2024 and 3.70% for financial year 2023.

Euros in thousands

	2024	2023
Loans Receivable	1,143,746	985,792
Total loans receivable	1,143,746	985,792

The fair value of the short term loans to Telefónica does not substantially differ from the book value. Given the short term nature, the impact of the discount is not significant.

4. Cash at bank

The cash at bank is freely disposable and is generating interests obtained from the bank accounts. All the external banks we work with, have BBB+ credit rating or higher. The balances on December 31, 2024, and December 31, 2023 are comprised as follows:

Euros in thousands

	2024	2023
Current bank account balances	3,135	2,300

5. Shareholder's equity

The movements in the Shareholder's Equity are comprised as follows:

Euros in thousands

	Issued share capital	Retained earnings	Result for the period	Interim dividend	Total Shareholder's Equity
Balance as at January 1, 2023	46	2,889	2,312	-	5,247
Allocation of result	-	2,312	(2,312)	-	-
Result for the period	-	-	1,562	-	1,562
Dividend payment	-	(500)	-	(1,206)	(1,706)
Result for the period Nov-Dec 2022	-	(500)	-	-	(500)
Result for the period Jan-Oct 2023	-	-	-	(1,206)	(1,206)
Balance as at December 31, 2023	46	4,701	1,562	(1,206)	5,103
Balance as at January 1, 2024	46	4,701	1,562	(1,206)	5,103
Allocation of result	-	356	(1,562)	1,206	-
Result for the period	-	-	2,662	-	2,662
Dividend payment:	-	(356)	-	(2,227)	(2,583)
Result for the period Nov-Dec 2023	-	(356)	-	-	(356)
Result for the period Jan-Oct 2024	-	-	-	(2,227)	(2,227)
Balance as at December 31, 2024	46	4,701	2,662	(2,227)	5,182

The distribution of dividend for the year 2024 corresponds to the result of the period November 2023 to October 2024. The profit from November and December 2024 will be accumulated to retained earnings. The result for the period and interim dividend together forms the Undivided result of 435.

6. Bonds and loans

The long term bonds and loans balance is the following:

Euros in thousands

	2024	2023
Long term bonds and loans	9,325,004	9,238,562

The movement in long term liabilities is as follows:

Euros in thousands

	2024	2023
Balance January 1	9,238,562	9,291,595
Prepaid Commissions amortization	7,360	8,010
Repayments	(1,300,000)	(1,751,288)
New Issuances	1,311,790	1,740,375
Foreign Exchange result	67,292	(50,248)
Non-Active Hybrid Commissions (*)	-	118
Balance as at December 31	9,325,004	9,238,562

(*) Includes commissions already paid related to hybrids not issued in the year.

On March 15, 2024, the Company issued a new tranche of Hybrids Non-Call 8.1 years of EUR 1,100,000 thousand and carrying an interest rate of 5.7522%. On March 18, 2024, the Company repurchased and cancelled EUR 1,096,600 thousand of the Non-Call 6 years with an annual coupon of 4.375%.

On September 18, 2024, the Company issued a new tranche of Hybrids Non-Call 8 years (Tap of the NC31) of EUR 200,000 thousand and carrying an interest rate of 6.75% (Yield 5.15%).

On October 18, 2024, the Company called (exercising its Issuer Call Option) and cancelled in full the total outstanding amount EUR 203,400 thousand of the Non-Call 6 years with an annual coupon of 4.375%.

The average interest rate for the long-term liabilities is 5.14% for financial year 2024 and 4.82% for financial year 2023.

Long-term bonds and loans are comprised as follows:

The book value of the long term loans and bonds subscribed by the Company at December 31, 2024 totals EUR 9,325,004 thousand (EUR 9,238,562 thousand at 31 December, 2023).

Euros in thousands

Description	2024	2023
Global USD 1,250,000,000, 8.250%, maturity September 15, 2030 (ISIN: US879385AD49)	1,198,351	1,126,375
EMTN EUR 500,000,000, 5.875%, maturity February 14, 2033 (ISIN: XS0162869076)	495,766	495,315
JPY/USD Dual Currency Loan A JPY 5,000,000,000/USD 42,640,287, 4.750% on USD basis, maturity July 27, 2037	30,561	31,869
JPY/USD Dual Currency Loan B JPY 5,000,000,000/USD 42,640,287, 4.750% on USD basis, maturity July 27, 2037	30,561	31,869
JPY/USD Dual Currency Loan C JPY 5,000,000,000/USD 42,640,287, 4.750% on USD basis, maturity July 27, 2037	30,561	31,869
EUR 1,000,000,000 3.875% perpetual (non-call 8.5 years) Hybrid Securities	998,567	997,779

(ISIN: XS1795406658) Issue date: March 22, 2018		
EUR 500,000,000 2.875% perpetual (non-call 8 years) Hybrid Securities (ISIN: XS2056371334) Issue date: September 24, 2019	498,906	498,526
EUR 1,300,000,000 4.375% perpetual (non-call 6 years) Hybrid Bond (ISIN: XS1933828433) Issue date: March 14, 2019	-	1,298,338
EUR 500,000,000 2.502% perpetual (non-call 7.25 years) Hybrid Securities (ISIN: XS2109819859) Issue date: February 5, 2020	498,983	498,566
EUR 1000,000,000 2.376% perpetual (non-call 8.25 years) Hybrid Securities (ISIN: XS2293060658) Issue date: February 12, 2021	996,815	996,128
EUR 750,000,000 2.88% perpetual (non-call 6.5 years) Hybrid Securities (ISIN: XS2410367747) Issue date: November 24, 2021	747,612	746,952
EUR 750,000,000 7.125% perpetual (non-call 6 years) Hybrid Securities (ISIN: XS2462605671) Issue date: November 23, 2022	745,368	744,376
EUR 1,000,000,000 6.135% perpetual (non-call 7.25years) Hybrid Securities (ISIN: XS2582389156) Issue date: February 2, 2023	995,528	994,840
EUR 950,000,000 6.75% perpetual (non-call 8 years) Hybrid Securities (ISIN: XS2646608401) Issue date: September 7, 2023	963,142	745,760
EUR 1,100,000,000 5.7522% perpetual (non-call 8.1years) Hybrid Securities (ISIN: XS2755535577) Issue date: March 15, 2024	1,094,283	-
Total long-term bond and loans	9,325,004	9,238,562

The fair value of the long term loans and bonds subscribed by the Company at December 31, 2024 totals EUR 9,844,052 thousand (EUR 9,410,499 thousand at 31 December, 2023). The higher fair value is explained by the movement in the market during the year as the price of the bonds has increased significantly.

The Company calculates the fair value of the long term loans and bonds using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for either: (i) the instruments issued by the Company or (ii) identical instruments to those issued by the company.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Company has calculated the fair value for the bonds issued by applying level 1 of the above hierarchy. The bonds fair value has been calculated using the market price at balance sheet date as published at the stock exchange where the bonds are admitted for trading.

The fair value of the Loans subscribed by the Company has been calculated by applying level 2 of the above hierarchy, after discounting the cash flows of the Loans using an estimated credit spread curve for each applicable currency.

7. Short term loans and bonds

As at December 31, 2024, the short term loans and bonds payable comprises the amount due under the Company's EUR 5,000,000 thousand Euro Commercial Paper Program. The balance on December 31, 2024, totals EUR 1,143,746 thousand (EUR 985,792 thousand at December 31, 2023). The average interest rate is 3.76% for financial year 2024 and 3.65% for financial year 2023.

Euros in thousands		
	2024	2023
EUR 5,000,000,000 ST European Commercial Paper Programme	1,143,746	985,792
Balance	1,143,746	985,792

The fair value of the short term bonds and loans does not substantially differ from the book value. Given the short term nature of the loans and bonds, the impact of discount is not relevant.

8. Net Financial Result

The Net Financial Result is comprised as follows:

Euros in thousands		
	2024	2023
Interest income	541,579	499,056
Interest expense	(536,736)	(494,512)
Currency exchange result	(13)	1
Net Financial Result	4,830	4,545

Interest income fully derives from related companies as all loan's receivables have been granted to related companies. During both years it also includes the one-off impacts to P&L for the repurchase and cancellation of hybrid securities that took place on February 3, 2023, September 8, 2023, and March 18, 2024.

9. Administrative expenses

For the year ended December 31, 2024, the administrative expenses total EUR 1,087 thousand (EUR 2,276 thousand for the year ended December 31, 2023). The decrease in administrative expenses (when compared to last year) is mainly due to decreases in legal fees related to the non-executed hybrid in USD.

Euros in thousands		
	2024	2023
Administrative expenses	(1,087)	(2,276)
Total	(1,087)	(2,276)

10. Taxation

As of FY2024, the Dutch Minimum Tax Act 2024 has been enacted, implementing the OECD Global Model Rules, which establish a global minimum tax of 15% for multinational corporations. This legislation includes transitional safe harbour rules designed to lower the administrative burden and facilitate compliance for the first three years, provided that certain criteria are met.

The Spanish parent entity, Telefónica S.A., has analyzed the application of the Pillar 2 rules, and based on this assessment the transitional safe harbour rules are applied, resulting in no top-up tax expected to be due in the Netherlands for 2024. Is within the scope of the OECD Pillar Two model rules, and it applies the IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate in each jurisdiction and the 15% minimum rate.

The tax charge on the profit can be broken down as follows:

	2024	2023
Corporate income tax 2024	907	-
Corporate income tax 2023	-	524
Corporate income tax 2022	-	(3)
Total	907	521

The latest final tax assessment received from the DTA is for the year 2022.

The Company is subject to Dutch taxation and tax calculations are made in accordance with a Transfer Pricing report prepared by an international tax advisor.

The main features of this report are the establishment of a minimum financial margin for the transactions registered between Telefónica, S.A. and the Company as well as a capped yearly amount of operational expenses.

The effective and applicable tax rates do not differ significantly from those of previous fiscal year.

The applicable tax rate for the current financial statements is 25.8% (2023: 25.8%) and the effective tax rate is 25.42% (2023: 25.03%). The difference between the applicable tax rate and the effective tax rate is caused by a different tax rate considered for the first EUR 200 thousand 19% (2023: 19%).

Average number of employees

During the period under review the Company employed 2 people until September and 1 person thereafter (2023:2) none of them working outside The Netherlands.

	<i>Euros in thousands</i>	
	2024	2023
Wages and salaries	109	118
Social security contributions	64	68
Total	174	186

Independent auditor's fees

The independent auditor's fees for the 2024 financial statements audit come up to EUR 55 thousand (EUR 54 thousand in 2023).

The amount paid in respect of fees for other audit services rendered by PricewaterhouseCoopers Accountants N.V., amounted to EUR 54 thousand in 2024 (EUR 85 thousand in 2023).

There were no fees other than audit and other audit services (hence no consultancy and no tax fees).

Subsequent events

No material subsequent events, affecting these Annual Financial Statements, have taken place until the date of this report.

Appropriation of Result

The management proposal is to accumulate to the retained earnings the difference from the net result of year ended December 2024 and the accumulated result until October 2024 already declared and distributed.

Board of directors

The Company's board of directors consists of 4 directors (2023: 4), who received a total remuneration of EUR 0 thousand (2023: EUR 0 thousand). These directors do not get any remuneration from Telefonica Europe B.V..

Amsterdam, February 25, 2025

/s/

Mr. Carlos David Maroto Sobrado

/s/

Mr. François V. N. Declève

/s/

Mr. Lennart Pieter Schoenmaker

/s/

Mrs. Priscilla Schraal

OTHER INFORMATION*Independent Auditor's report*

The independent auditor's report is set out on the next pages.

Statutory provision regarding appropriation of Result

In accordance with Article 14 of the Articles of Association, profit shall be at the disposal of the Annual General Meeting of Shareholders. Profit distribution can only be made to the extent that Shareholder's Equity exceeds the issued and paid up share capital and legal reserves.

A resolution to distribute profits or reserves is subject to the approval of the board of directors. The board of directors shall only withhold its approval if it knows or should reasonably expect that following the distribution the Company cannot continue to pay its debts due.



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Independent auditor's report

To: the general meeting of Telefonica Europe B.V.

Report on the audit of the financial statements 2024

Our opinion

In our opinion, the financial statements of Telefonica Europe B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2024, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2024 of Telefonica Europe B.V., Amsterdam.

The financial statements comprise:

- the balance sheet as at 31 December 2024;
- the statement of profit and loss for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independence

We are independent of Telefonica Europe B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit approach

We designed our audit procedures with respect to the key audit matters, fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to individual key audit matters, the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Overview and context

Telefonica Europe B.V.'s main activity is financing of group companies, through bond offerings on the international capital markets. The repayment of the bonds to the investors is guaranteed by Telefonica S.A as disclosed in note 'General Information and Principal Activities' to the financial statements. This affected the determination of materiality as described in the section 'Materiality'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the board of directors made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In these considerations, we paid attention to, amongst others, the assumptions underlying the physical and transition risk related to climate change.

The Company assessed the possible effects of climate change on its financial position, refer to the 'Climate Change' to the financial statements. We discussed the Company's assessment and governance thereof with the board of directors and evaluated the potential impact on the financial position including underlying assumptions and estimates included in the financial statements. Given the nature of the Company's activities, the impact of climate change is not considered a key audit matter.

In paragraph 'Estimates' of the financial statements, the Company describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of the loans to group companies, we considered this matter as a key audit matter as set out in the section 'Key audit matter' of this report.

We ensured that the audit team included the appropriate skills and competences, which are needed for the audit of a finance company.



Materiality

The scope of our audit was influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall materiality	€107,177,000 (2023: €104,686,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement, we used 1% of total assets.
Rationale for benchmark applied	We used total assets as the primary benchmark as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of the users of the financial statements. On this basis, we believe that total assets is the most relevant metric for the financial performance of the Company. Inherent to the nature of the Company's business, the amounts in the statement of financial position are large in proportion to the income statement line items personnel expenses, operating expenses and income taxation. Based on qualitative considerations, we performed audit procedures on those income statement line items, applying a benchmark of 10% of the total of those expenses.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the board of directors that we would report to them any misstatement identified during our audit above €5,359,000 (2023: €5,200,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Telefonica Europe B.V. and its environment and the components of the internal control system. This included the board of directors' risk assessment process, the board of directors' process for responding to the risks of fraud and monitoring the internal control system. We refer to section 'Fraud/Bribery/Anticorruption' of the director's report for director's fraud risk assessment.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct and whistleblower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the board of directors whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risk and performed the following specific procedures:

Identified fraud risk	Audit work and observations
The risk of management override of control The board of directors is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: - The appropriateness of journal entries and other adjustments made in the preparation of the financial statements - Estimates; - Significant transactions, if any, outside the normal course of business for the entity. We pay particular attention to tendencies due to possible interests of the board of directors.	We evaluated the design and implementation of the internal control measures, i.e. authorisation of payments, that are intended to mitigate the risk of management override of control and to the extent relevant for our audit tested the effectiveness of these controls. Furthermore, we evaluated the design and implementation of the controls in the processes for generating and processing journal entries and making of estimates. We performed our audit procedures primarily substantive based. We have selected journal entries based on risk criteria and performed specific audit procedures on these, also paying attention to significant transactions outside the normal business operations. We also performed specific audit procedures related to important estimates of the board of directors, including: the valuation of loans issued to group companies. We did not identify any significant transactions outside the normal course of business. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

We incorporated an element of unpredictability in our audit. We reviewed low value interest income as part of our interest income substantive procedures and reviewed a selection of green financing instruments which comply with the eligibility criteria described in Telefónica's Sustainable Financing Framework. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern

As disclosed in section 'Going concern' of the financial statements the board of directors performed their assessment of the entity's ability to continue as a going concern for at least 12 months from the date of preparation of the financial statements and has not identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks).

Our procedures to evaluate the board of directors' going-concern assessment included, amongst others:

- considering whether the board of directors' going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the board of directors regarding the board of directors' most important assumptions underlying its going-concern assessment;
- evaluating the financial position of the Company, the counterparties of loans to group companies (including the financial position of the guarantor to the bonds issued on capital markets) and their ability to repay the notional and interest to the Company, by assessing observable data from rating agencies, developments in credit spreads, current financial data (such as recent financial information and cash flows) and other publicly available data and by discussing and obtaining information from the group auditor;
- performing inquiries of the board of directors as to its knowledge of going-concern risks beyond the period of the board of directors' assessment.

Our procedures did not result in outcomes contrary to the board of directors' assumptions and judgements used in the application of the going-concern assumption.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the board of directors. The key audit matter is not a comprehensive reflection of all matters identified by our audit and that we discussed. In this section, we described the key audit matter and included a summary of the audit procedures we performed on this matter.

Due to the nature of the Company, the key audit matter do not change significantly year over year. As compared to last year there have been no changes in the key audit matter.

Key audit matter	Our audit work and observations
Valuation of loans to group companies Note 2 and 3 We considered the valuation of the loans to group companies, as disclosed in note 2 and 3 to the financial statements for a total amount of €10,468,498, to be a key audit matter. This is because the board of directors has to identify objective evidence of impairment, which is very important and judgemental, and because of the possible material effect an impairment may have on the financial statements. The board of directors monitors the need for changes in the methods, significant assumptions or the data used in making the accounting estimate by monitoring key performance indicators that may indicate unexpected or inconsistent performance. The board of directors did not identify any objective evidence that a loan is impaired. As disclosed in notes 2 to the financial statements, the Company has not granted, nor has been requested to grant, any payment holidays on its loans to group companies.	We performed the following procedures to test the board of directors' assessment of possible loss events to support the valuation of the loans to Telefonica S.A. group companies: We assessed data input used to calculate the initial fair value of the loans, including cash flows, based on underlying contracts, credit spread and market interest. For the initial fair value calculation, we determined that the valuation methodology and model applied by the Company are in accordance with the requirements of RJ 290. We evaluated the financial position of the counterparties of loans to group companies Telefonica S.A. and their ability to repay the notional and interest to the Company, by assessing observable data from rating agencies, developments in credit spreads, current financial data (such as recent financial information and cash flows) and other publicly available data. We found the board of directors' assessment to be adequate. Our procedures as set out above did not indicate material differences.

Report on the other information included in the annual report

The annual report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Our appointment

We were appointed as auditors of Telefonica Europe B.V. This followed the passing of a resolution by the shareholders at the annual general meeting held on 28 February 2017. Our appointment has been renewed annually by shareholders and now represents a total period of uninterrupted engagement of 8 years.

European Single Electronic Format (ESEF)

Telefonica Europe B.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the financial statements of Telefonica Europe B.V., complies in all material respects with the RTS on ESEF.

The board of directors is responsible for preparing the annual report, including the financial statements in accordance with the RTS on ESEF.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assuranceopdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the annual report in XHTML format.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including examining whether the annual report in XHTML format is in accordance with the RTS on ESEF.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going-concern basis of accounting unless the board of directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 25 February 2025

PricewaterhouseCoopers Accountants N.V.

Original has been signed by

F.J.C. Jonker MSc RA

Appendix to our auditor's report on the financial statements 2024 of Telefonica Europe B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related actions taken to eliminate threats or safeguards applied.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.