

# **Telefónica Emisiones, S.A.**

Auditor's report  
Annual accounts as at 31 December 2025  
Management report



*This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.*

## Independent auditor's report on the annual accounts

To the sole shareholder of Telefónica Emisiones, S.A. (Unipersonal Company)

### Report on the annual accounts

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#### Opinion

We have audited the annual accounts of Telefónica Emisiones, S.A. (the Company), which comprise the balance sheet as at 31 December 2025, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2025, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

#### Basis for opinion

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We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

#### Key audit matters

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Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Inter-company loans valuation

The main activity of the Company consists on the issuance of bonds, which are then used to finance Telefónica Group operations through loans to the sole shareholder of the Company, Telefónica S.A.

The total amount of long-term and short-term loans to group companies, as disclosed in note 6 of the annual accounts, represents almost the totality of the Company's assets. These loans are valued at amortized cost as described in note 4.1 of the annual accounts, and their value would be adjusted if management identifies objective evidence of impairment.

The analysis of the valuation of these loans is key for our audit given their relevance and the implicit judgement element in their valuation.

We have conducted audit procedures over the valuation of the long and short-term loans to group companies, specifically including:

- Examination of contracts with the sole shareholder and recalculation of amortized costs of the loans, in accordance with said contracts.
- Confirmation of balances at the end of the year with Telefónica, S.A.
- Evaluation of the sole shareholder's payment capacity to repay short-term loans granted by the Company.

Based on the procedures performed, we have not identified any relevant aspect to mention with regard the valuation of loans to group companies.

### Accounting recognition of bond issuances occurred during the year

As disclosed in note 8, the Company has issued three long-term bonds, guaranteed by its sole shareholder, Telefónica, S.A., which are measured initially at fair value and subsequently measured at amortized cost as described in note 4.2 of the annual accounts.

Said issuances account for almost all of the Company's activity during the year and therefore, the work performed in this area is key to our audit in relation to the assessment of the risk of material misstatement in its accounting records.

We have conducted audit procedures over the accounting recognition of the issuances of bonds of the year, including:

- Understanding of the control environment over the contracting process and recognition of transactions.
- Examination of the contracts for the issuances of bonds occurred during the year, in order to analyse the terms of the issuances, as well as their accounting records.
- Obtaining the bank documentation proving the cash collection for the issuances.

Based on the procedures performed, we have not identified any relevant aspect to mention with regard the accounting recognition of the issuances of bonds in 2025.

### Other information: Management report

Other information comprises only the management report for the 2025 financial year, the formulation of which is the responsibility of the Company's directors and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the entity obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the management report is consistent with that contained in the annual accounts for the 2025 financial year, and its content and presentation are in accordance with the applicable regulations.

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### **Responsibility of the directors and the audit and control committee of the sole shareholder for the annual accounts**

The directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of the Company, in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit and control committee of the sole shareholder (Telefónica, S.A.) is responsible for overseeing the process of preparation and presentation of the annual accounts.

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### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 level of assurance, but is not a guarantee that an audit conducted in accordance with legislation governing the audit practice in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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 override of internal control.
- Obtain 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events 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 annual accounts 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. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the entity's audit and control committee of the sole shareholder 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 also provide the entity's audit and control committee of the sole shareholder with a statement that we have complied with ethical requirements relating to independence and we communicate with the aforementioned those matters that may reasonably be considered to threaten our independence and, where applicable, the safeguards adopted to eliminate or reduce such threat.

From the matters communicated with the audit and control committee of the sole shareholder, we determine those matters that were of most significance in the audit of the annual accounts 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.

## **Report on other legal and regulatory requirements**

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### **Report to the audit and control committee of the sole shareholder**

The opinion expressed in this report is consistent with the content of our additional report to the audit and control committee of the sole shareholder of the Company dated 23 February 2026.

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### **Appointment period**

The sole shareholder on 1 April 2025 appointed us as auditors for a period of one year, for the year ended 31 December 2025.

Previously, we were appointed by the sole shareholder for a period of three years and we have audited the accounts continuously since the year ended 31 December 2017.

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### **Services provided**

PricewaterhouseCoopers Auditores, S.L. has not provided services other than the audit of accounts to the audited entity.

PricewaterhouseCoopers Auditores, S.L. (S0242)

(Original signed in Spanish)

María del Carmen Fernández Galán (23425)

23 February 2026

# TELEFÓNICA EMISIONES, S.A. (Sole Shareholder Company)

## Annual Accounts and Management Report for the year ended December 31, 2025



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**TELEFÓNICA EMISIONES, S.A. (Sole Shareholder Company)**  
**Balance sheets at December 31**

(Thousands of euros)

<b>ASSETS</b>	<b>Notes*</b>	<b>2025</b>	<b>2024</b>
<b>NON-CURRENT ASSETS</b>		<b>23,240,710</b>	<b>24,250,746</b>
<b>Non-current investments in Group companies and associates</b>	<b>6 and 11.2</b>	<b>23,240,710</b>	<b>24,250,746</b>
Loans to Group companies and associates		23,240,710	24,250,746
<b>CURRENT ASSETS</b>		<b>2,242,366</b>	<b>2,393,024</b>
<b>Trade and other receivables</b>	<b>6</b>	<b>448</b>	<b>552</b>
Prepayments to suppliers		448	552
<b>Current investments in Group companies and associates</b>	<b>6 and 11.2</b>	<b>2,224,386</b>	<b>2,375,229</b>
Loans to Group companies and associates		2,224,386	2,375,229
<b>Cash and cash equivalents</b>	<b>11.2</b>	<b>17,532</b>	<b>17,243</b>
<b>TOTAL ASSETS</b>		<b>25,483,076</b>	<b>26,643,770</b>

(Thousands of euros)

<b>EQUITY AND LIABILITIES</b>	<b>Notes*</b>	<b>2025</b>	<b>2024</b>
<b>EQUITY</b>		<b>18,302</b>	<b>17,575</b>
<b>CAPITAL AND RESERVES</b>	<b>7</b>	<b>18,302</b>	<b>17,575</b>
<b>Capital</b>		<b>62</b>	<b>62</b>
Share capital		62	62
<b>Reserves</b>		<b>17,513</b>	<b>16,494</b>
Legal and Statutory		12	12
Other reserves		17,501	16,482
<b>Profit (Loss) for the year</b>		<b>727</b>	<b>1,019</b>
<b>NON-CURRENT LIABILITIES</b>		<b>23,242,993</b>	<b>24,253,424</b>
<b>Non-current debts</b>	<b>8</b>	<b>23,242,993</b>	<b>24,253,424</b>
Bonds and other marketable debt securities		23,242,993	24,253,424
<b>CURRENT LIABILITIES</b>		<b>2,221,781</b>	<b>2,372,771</b>
<b>Current debts</b>	<b>8</b>	<b>2,221,367</b>	<b>2,372,174</b>
Bonds and other marketable debt securities		2,221,367	2,372,174
<b>Current borrowings from group companies and associates</b>	<b>8, 9 and 11.2</b>	<b>250</b>	<b>340</b>
<b>Trade and other payables</b>		<b>31</b>	<b>151</b>
Other payables		31	110
Suppliers, group companies and associates		-	41
<b>Current income tax payable</b>		<b>133</b>	<b>106</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,483,076</b>	<b>26,643,770</b>

\* Notes 1 to 15 are an integral part of these annual accounts.

**TELEFÓNICA EMISIONES, S.A. (Sole Shareholder Company)**  
**Profit and loss statements for the years ended December 31**

(Euros in thousands)

	Notes*	2025	2024
<b>Other operating expenses</b>		<b>(3,285)</b>	<b>(2,572)</b>
External services	10.1	(3,275)	(2,569)
Taxes other than income tax		(10)	(3)
<b>OPERATING PROFIT</b>		<b>(3,285)</b>	<b>(2,572)</b>
<b>Financial income</b>	10.2	<b>878,082</b>	<b>865,414</b>
At Group companies and associates		878,082	865,414
<b>Financial expense</b>	10.3	<b>(874,197)</b>	<b>(861,550)</b>
Debts with third parties		(874,197)	(861,550)
<b>Exchange rate differences (loss/profit)</b>	10.4	<b>370</b>	<b>67</b>
<b>FINANCIAL RESULTS</b>		<b>4,255</b>	<b>3,931</b>
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>970</b>	<b>1,359</b>
<b>Income tax</b>		<b>(243)</b>	<b>(340)</b>
Income tax	9	(243)	(340)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>		<b>727</b>	<b>1,019</b>
<b>PROFIT (LOSS) FOR THE YEAR</b>		<b>727</b>	<b>1,019</b>

\* Notes 1 to 15 are an integral part of these Annual Accounts.

**TELEFÓNICA EMISIONES, S.A. (Sole Shareholder Company)**  
**Statements of changes in equity for the years ended December 31**

**A. Statement of recognised income and expense for the year ended December 31**

(Thousands of euros)

	2025	2024
<b>PROFIT (LOSS) FOR THE YEAR</b>	<b>727</b>	<b>1,019</b>
<b>TOTAL RECOGNISED INCOME AND EXPENSE</b>	<b>727</b>	<b>1,019</b>

Note: Notes 1 to 15 are an integral part of these annual accounts

**B. Statements of total changes in equity for the years ended December 31.**

(Thousands of euros)

	Share capital	Reserves	Profit (Loss) for the year	TOTAL
<b>BALANCE AT JANUARY 1, 2024</b>	<b>62</b>	<b>14,766</b>	<b>1,728</b>	<b>16,556</b>
Total recognised income and expense	-	-	<b>1,019</b>	<b>1,019</b>
Distribution of results from previous years	-	<b>1,728</b>	<b>(1,728)</b>	-
<b>BALANCE AT 31 DECEMBER 2024</b>	<b>62</b>	<b>16,494</b>	<b>1,019</b>	<b>17,575</b>
Total recognised income and expense	-	-	<b>727</b>	<b>727</b>
Distribution of results from previous years	-	<b>1,019</b>	<b>(1,019)</b>	-
<b>BALANCE AT DECEMBER 31, 2025</b>	<b>62</b>	<b>17,513</b>	<b>727</b>	<b>18,302</b>

Note: Notes 1 to 15 are an integral part of these Annual Accounts

**TELEFÓNICA EMISIONES, S.A. (Sole Shareholder Company)**  
**Cash flow statements for the years ended December 31**

(Thousands of euros)

	Notes	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit (Loss) before tax</b>		<b>970</b>	<b>1,359</b>
<b>Adjustments to net results</b>		<b>(4,255)</b>	<b>(3,931)</b>
Financial income	10.2	(878,082)	(865,414)
Financial expenses	10.3	874,197	861,550
Exchange rate differences	10.4	(370)	(67)
<b>Change in working capital</b>		<b>(79)</b>	<b>(176)</b>
Accounts receivable		104	(275)
Trade and other payables		(120)	31
Other current liabilities		(63)	68
<b>Other cash flows from operating activities</b>		<b>3,473</b>	<b>3,704</b>
Interest paid		(841,281)	(803,810)
Interest received		845,062	807,887
Receipts/payments of income tax		(504)	(364)
Other payments/receipts		196	(9)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>109</b>	<b>956</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments on investments</b>		<b>(1,889,017)</b>	<b>(1,750,000)</b>
Group companies and associates	6	(1,889,017)	(1,750,000)
<b>Proceeds from divestments</b>		<b>2,018,400</b>	<b>1,000,000</b>
Group companies and associates	6	2,018,400	1,000,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>129,383</b>	<b>(750,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Proceeds from and payments of financial liabilities</b>		<b>(129,383)</b>	<b>750,000</b>
Issuances			
Bonds and other marketable debt securities	8	1,889,017	1,750,000
Repayment and redemption of			
Bonds and other marketable debt securities	8	(2,018,400)	(1,000,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(129,383)</b>	<b>750,000</b>
<b>NET FOREIGN EXCHANGE RATE DIFFERENCE</b>		<b>180</b>	<b>35</b>
<b>NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>289</b>	<b>991</b>
<b>Cash and cash equivalents at 1 January</b>		<b>17,243</b>	<b>16,252</b>
<b>Cash and cash equivalents at 31 December</b>		<b>17,532</b>	<b>17,243</b>

\* Notes 1 to 15 are an integral part of these Annual Accounts.

**TELEFÓNICA EMISIONES, S.A. (Sole Shareholder Company)**  
**Notes to the Annual accounts for the year ended 31 December 2025**

## **1. ACTIVITY**

Telefónica Emisiones, S.A. (Sole Shareholder Company), hereinafter referred to as the "Company" or "Telefónica Emisiones, S.A.U.", was incorporated as a public limited company with a sole shareholder (sociedad anónima unipersonal) in Spain for an indefinite term on 29 November 2004 under the name "Telefónica Emisiones, S.A.U."

Telefónica Emisiones, S.A.U. is a company 100% directly owned by Telefónica, S.A. The corporate purpose of Telefónica Emisiones, S.A.U. entails the issuance of preferential shares and/or other financial debt instruments.

The registered address of Telefónica Emisiones, S.A.U. is Calle Gran Vía, 28 – 28013 Madrid.

## **2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS**

The annual accounts have been prepared in accordance with the General Chart of Accounts (Plan General de Contabilidad) approved by Royal Decree 1514/2007, on November 16, which was amended by Royal Decree (RD) 602/2016, dated December 2, 2016, and by Royal Decree (RD) 1/2021, dated January 12, 2021, as well as all other mercantile legislation in force at the date of preparation of these annual accounts.

The figures shown in these annual accounts are presented in thousands of euros unless otherwise indicated.

### **2.1 True and fair view**

These annual accounts were obtained on the basis of the Company's accounting records and were drawn up following the generally accepted accounting principles in Spain as per the pertinent legislation currently in force.

These annual accounts offer a true and fair image of the equity, financial situation and financial results of the Company. The cash flow statement has been prepared to present fairly the origin and usage of monetary assets such as cash and cash equivalents.

These financial statements were prepared on 23 February 2026 by the Joint and Several Directors of the Company, and are expected to be approved without modification by the Sole Shareholder.

### **2.2 Comparison of information**

In order to facilitate comparability of the figures included in these annual accounts, the figures for the previous year corresponding to the year ending 31 December 2024 have been included in the annual accounts.

### 2.3 Critical issues concerning the estimation of uncertainty

As of the closing date of the year, there are no key cases regarding the future or further relevant data regarding estimation of uncertainty associated with an important risk entailing significant changes in the value of assets and liabilities in the next year.

The Company's annual accounts for the year ended December 31, 2025 were drawn up using estimates to quantify some of the assets, liabilities, income and expenses recognised therein. These estimates essentially refer to the fair value of certain financial assets and liabilities (see Notes 6 and 8).

While these estimates were made based on the best information available at December 31, 2025 regarding the analysed events, they might need to be changed (increased or decreased) in subsequent years due to the occurrence of potential future events. Any such change would be made prospectively according to applicable legislation, recognising the effects of the changed estimate in the corresponding Income statement for the future years concerned.

## 3. APPROPRIATION NET RESULTS

The Joint and Several Directors will submit the following proposed distribution of 2025 profit for approval of the company's Sole Shareholder:

(Thousands of euros)	<b>2025</b>
Proposed appropriation	
Balance of the Income statement	727
	<b>727</b>
Appropriation to:	
Voluntary reserves (other reserves)	727
	<b>727</b>

## 4. RECOGNITION AND MEASUREMENT ACCOUNTING POLICIES

The main recognition and measurement accounting policies applied by the Company in drawing up these annual accounts are as follows:

### 4.1 Financial assets

#### Classification and measurement

#### Financial assets

Granted loans are classified based on maturities, i.e., current loans as loans with a maturity of less than 12 months and non-current loans as having maturities greater than 12 months.

These items are measured initially at fair value in the balance sheet, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration transferred plus directly attributable transaction costs. After initial recognition, these financial assets are measured at amortised cost using the effective interest rate method.

### Impairment of financial assets

The Company adjusts the carrying amount of financial assets against the Income statement when there is objective evidence of actual impairment.

To determine impairment loss, the Company assesses the potential loss of individual assets as well as groups of assets with similar risk characteristics.

### Cancellation

Financial assets are fully or partially derecognised when the contractual rights to related cash flows have expired or when the Company has assigned the rights to receive the effective flows of the asset to the third party, transferring nearly all risks and rewards associated with the asset.

### Interest

Interests are recognised as financial revenue in the profit and loss statement. Interests must be recognised using the effective interest rate method from the moment of the referred concession of the credits.

For this purpose, attending to the maturity and separately, the amount of the explicit interest accrued and unpaid is recorded as current assets.

Explicit interests are the interests obtained when applying the contractual interest rate of the financial instrument.

## **4.2 Financial liabilities**

### Classification and measurement

#### **Financial liabilities**

They include financial liabilities created by issuing obligations, and are classified based on maturities, i.e., current debts as debts with a maturity of less than 12 months and non-current debts as having maturities greater than 12 months.

They are measured initially at fair value in the balance sheet, which, unless there is evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration transferred plus directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

### Cancellation

The Company derecognises a financial liability when the corresponding obligation is settled, cancelled or matures.

When there is an exchange of debt instruments, so long as they have substantially different conditions, the original financial liability is derecognised and the arising new financial liability is recognised. Likewise, a substantial modification in the current conditions of a financial liability is recorded.

The difference between carrying value of the financial liability or the derecognised part thereof, and the consideration paid, including the attributable transaction costs, and including any asset assigned other than the assumed cash or liability, is recognised in the Income statement for the year in which it takes place.

When there is an exchange of debt instruments that have no substantially different conditions, the original financial liability is not derecognised from the balance sheet, recording the amount of commissions paid as an adjustment of its carrying amount. The new amortised cost of the financial liability is determined by applying the effective interest rate, which is equal to the carrying amount of the financial liability on the modification date with the cash flows payable according to the new conditions.

For these purposes, the terms of the contracts shall be deemed to be materially different if, among other things, the present value of the cash flows of the new contract, including fees paid, less fees received, differs by at least ten per cent from the present value of the remaining cash flows of the original contract, discounted at the effective interest rate of the original contract.

### Interest

Interest is recognised as financial expenses in the profit and loss statement. Interest must be recognised using the effective interest rate method from the issuance date of the liabilities to which it relates.

For this purpose, attending to the maturity and, separately, the amount of the explicit interest accrued and unpaid to date is recorded as current liability at amortised cost.

Explicit interests are the interests obtained when applying the contractual interest rate of the financial instrument.

### **4.3 Cash and cash equivalents**

This heading includes the floating balance of the account maintained with Group company Telfisa Global, B.V. and current account held at BBVA (in local and foreign currencies) meeting all the following requirements:

- They are readily convertible to cash.
- At the time of its acquisition, its maturity did not exceed three months.
- The risk of change in value is insignificant and
- They are part of the Company's standard cash management strategy.

#### **4.4 Income tax**

The Company is subject to consolidated taxation for income tax with its Sole Shareholder.

Corporate tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to taxable profit for the year, less any applicable rebates and tax credits, taking into account changes during the year in recognised deferred tax assets and liabilities. The corresponding tax expense is recognised in the Income statement, except when it relates to transactions recognised directly in equity, in which case the corresponding tax expense is likewise recognised in equity and in business combinations in which it is recorded with a charge or credit to goodwill.

Deferred income tax is recognised on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset or liability is the amount attributed to it for tax purposes.

The tax effect of temporary differences is included in “Deferred tax assets” or “Deferred tax liabilities” on the balance sheet, as applicable.

Deferred tax liabilities are recognised for all temporary differences, save for the exceptions contemplated by the corresponding tax legislation in force.

The Company recognises deferred tax assets for all deductible temporary differences, unused tax credits and unused tax loss carry forwards, to the extent that it is probable that the Tax Group will have future taxable profit available against which these assets may be utilised, save for the exceptions contemplated by the corresponding tax legislation in force.

At each financial year end, the Company assesses the deferred tax assets recognised and those that have not yet been recognised. Based on this analysis, the Company derecognises the asset recognised previously if it is no longer probable that it will be recovered, or it recognises any deferred tax asset that had not been recognised previously, provided that it is probable that the Tax Group will have future taxable profit available against which these assets may be utilised.

Deferred tax assets and liabilities are measured at the tax rate expected to be applied to the period in which they reverse, as required by enacted tax laws and in the manner in which it reasonably expects to recover the asset’s carrying value or settle the liability.

Deferred tax assets and liabilities are not discounted and are classified as non-current assets or non-current liabilities.

#### **4.5 Income and expenses**

Income and expenses are registered on an accrual basis.

#### **4.6 Transactions in foreign currency**

The Company’s functional and presentation currency is the euro. Transactions expressed in foreign currencies are converted into national currency at the prevailing exchange rate on the transaction date and are adjusted at year end to reflect the prevailing exchange rates at that date.

Monetary assets and liabilities in foreign currencies are translated at the valid exchange rate on the balance sheet date. All exchange rate differences (whether gains or losses) arising from translation as well as those resulting on settlement of balance sheet items are recognised in the Income statement in the period in which they occur.

#### **4.7 Classification of current and non-current assets and liabilities**

Assets and liabilities are classified in the balance sheet as current and non-current. For this purpose, assets and liabilities are classified as current when they are linked to the normal operating cycle of the Company, and are expected to be sold, consumed, made or settled in the course thereof; they differ from the previous ones and their maturity, disposal or execution is expected to take place within one year; they are kept for the purpose of trading or as cash and equivalent, whose use is not restricted to a period over one year.

#### **4.8 Related-party transactions**

Related-party transactions are measured as described in the recognition and measurement accounting policies described above.

#### **4.9 Measurement standards under the International Financial Reporting Standards (IFRS)**

The Company has issued securities admitted for trading in a regulated market by an EU Member State and only publishes separate annual accounts. If the International Financial Reporting Standards adopted by the European Union were applied, there would have been no significant differences in either Equity or Income Statement.

### **5. MAIN RISKS ASSOCIATED WITH THE ACTIVITY AND RISK MANAGEMENT POLICY**

#### **(i) Concentration of income, liquidity and other financial risks**

Nearly all the Company's financial income presently comes from the same debtor (Telefónica, S.A.). Therefore, the Company's ability to honour its obligations with third parties is closely related to the financial situation of Telefónica S.A. and its ability to honour the loan contracts signed with the Company.

The terms and conditions of the financial investments maintained with Telefónica, S.A., which represent virtually all the financial assets of the Company, are similar to the terms and conditions of the financial liabilities (mainly issued bonds) subscribed by the Company. Therefore, interest rate, exchange rate and liquidity risks are substantially mitigated. For this reason, the Company presently holds no financial derivatives.

#### **(ii) Credit risk from investing in bonds and other marketable securities issued by the Company**

The bonds issued by the Company that are currently in circulation have an unconditional and irrevocable guarantee from Telefónica, S.A. and the credit risk for investing in bonds issued by the Company is therefore similar to investing directly in Telefónica, S.A.

#### **(iii) Worsening of the financial markets**

The worsening of the financial markets could limit the Company's finance capacity and, as a result, the Company's ability to continue its activities, i.e., securing financing in capital markets to subsequently loan them to the Telefónica Group.

Likewise, financing may become complex and costly when facing a significant deterioration in the conditions of international or local financial markets because of, for instance, monetary policies fixed by central banks because of not only interest rate hikes but also balance reductions, increased economic and political uncertainties, oil price instability or possible impaired solvency or operational behaviour of the Telefónica Group.

The occurrence of any of the aforementioned risks could have negative effects on the Company's capacity and costs to secure financing to furnish the Telefónica Group. This in turn could adversely affect the businesses, financial situation, operating income, and/r cash flows of the Company and the Telefónica Group.

## 6. FINANCIAL ASSETS

The breakdown of financial assets at 31 December 2025 and 2024 is as follows:

(Thousands of euros)	2025	2024
<b>Non-current financial assets</b>	<b>23,240,710</b>	<b>24,250,746</b>
Non-current financial assets at amortised cost		
Loans to group companies (Note 6.1)	23,240,710	24,250,746
<b>Current financial assets</b>	<b>2,224,834</b>	<b>2,375,781</b>
Current financial assets at amortised cost		
Loans to group companies (Note 6.1)	2,224,386	2,375,229
Prepayments to suppliers	448	552

### Most significant transactions in 2025

On January 17, 2025, the Company received funds from a debt repayment with Telefónica, S.A., on its maturity date, for a nominal amount of €1,126,800 thousand. This loan, with an annual coupon rate of 1.528%, was granted on January 17, 2017.

On January 23, 2025, the Company conferred new funding to Telefónica, S.A. for a nominal amount of €1,000,000 thousand with a maturity date of January 23, 2034 and an annual coupon rate of 3.724%.

On June 25, 2025, the Company conferred new funding to Telefónica, S.A. for a nominal amount of €750,000 thousand with a maturity date of June 25, 2035 and an annual coupon rate of 3.941%.

On July 8, 2025, the Company granted new financing to Telefónica, S.A. for a nominal amount of 130,000 thousand Swiss francs (139,017 thousand euros at the exchange rate of the transaction) maturing on July 8, 2032 and with an annual coupon of 1.328%.

On September 11, 2025, the Company received funds from a debt repayment with Telefónica, S.A., on its maturity date, for a nominal amount of €891,600 thousand. This loan, with an annual coupon rate of 1.495%, was granted on September 11, 2018.

### **Most significant transactions in 2024**

On January 24, 2024, the Company conferred new funding to Telefónica, S.A. for a total amount of €1,750,000 thousand. This granted financing was divided into two loans. The first is for an amount of €1,000,000 thousand, maturing on 24 January 2032, with an annual coupon rate of 3.698%. The second is for an amount of €750,000 thousand, maturing on 24 January 2036, with an annual coupon rate of 4.055%.

On February 5, 2024, the Company received funds from debt repayments with Telefónica, S.A., on their maturity date, for a nominal amount of €1,000,000 thousand. These loans, with an annual coupon rate of 1.069%, were granted on 5 February 2019.

## 6.1 Loans to group companies

The balance of this heading corresponds to loans granted to Telefónica, S.A. from 2006 to 2025, broken down as follows:

(Thousands of euros)

Loan number	Signed on	Maturity date	Annual Interest rate	Currency	Payment frequency	2025 Assets non-current	2025 Current assets	2024 Assets non-current	2024 Current assets
4	02/02/2006	02/02/2026	5.375%	GBP	Annual	-	600,643	602,619	29,485
9	20/06/2006	20/06/2036	7.045%	USD	Semi-annual	1,692,209	3,821	1,913,560	4,301
38	08/10/2010	08/10/2029	5.445%	GBP	Annual	457,935	5,741	481,923	6,044
65	17/10/2014	17/10/2029	2.932%	EUR	Annual	798,950	4,869	798,724	4,869
71	13/04/2016	13/04/2026	1.46%	EUR	Annual	-	1,292,488	1,278,441	13,556
73	17/10/2016	17/10/2031	1.93%	EUR	Annual	748,508	2,994	748,278	2,994
74	28/12/2016	28/12/2051	4.00%	EUR	Annual	149,976	49	149,979	49
75	17/01/2017	17/01/2025	1.528%	EUR	Annual	-	-	-	1,143,336
76	17/01/2017	17/10/2028	2.318%	EUR	Annual	499,485	2,394	499,328	2,394
78	08/03/2017	08/03/2027	4.103%	USD	Semi-annual	1,062,294	13,743	1,201,067	15,538
79	08/03/2017	08/03/2047	5.213%	USD	Semi-annual	1,689,242	27,911	1,910,473	31,561
80	17/03/2017	17/10/2028	2.318%	EUR	Annual	199,711	958	199,620	958
81	18/04/2017	18/04/2037	4.90%	USD	Annual	169,467	5,886	191,658	6,656
82	28/04/2017	08/03/2047	5.01644%	USD	Semi-annual	433,755	6,887	490,889	7,793
83	12/09/2017	12/01/2028	1.715%	EUR	Annual	1,249,081	20,884	1,248,643	20,884
84	22/01/2018	22/01/2027	1.447%	EUR	Annual	999,590	13,715	999,216	13,715
85	06/03/2018	06/03/2048	4.895%	USD	Semi-annual	1,055,243	16,673	1,193,438	18,853
86	06/03/2018	06/03/2038	4.665%	USD	Semi-annual	422,848	6,371	478,139	7,203
87	11/09/2018	11/09/2025	1.495%	EUR	Annual	-	-	-	895,370
89	01/03/2019	01/03/2049	5.520%	USD	Semi-annual	1,055,157	19,608	1,193,416	22,173
90	12/03/2019	12/03/2029	1.069%	EUR	Annual	998,680	14,503	998,306	14,503
91	01/07/2019	01/07/2039	1.957%	EUR	Annual	497,745	4,937	497,608	4,937
92	03/02/2020	03/02/2030	0.664%	EUR	Annual	998,410	6,135	998,033	6,137

Loan number	Signed on	Maturity date	Annual Interest rate	Currency	Payment frequency	2025 Assets non-current	2025 Current assets	2024 Assets non-current	2024 Current assets
93	21/05/2020	21/08/2027	1.201%	EUR	Annual	1,249,126	5,486	1,248,615	5,486
94	21/05/2020	21/05/2032	1.807%	EUR	Annual	748,312	8,375	748,081	8,375
95	13/07/2020	13/07/2040	1.864%	EUR	Annual	498,200	4,396	498,101	4,396
96	13/07/2021	13/07/2040	1.864%	EUR	Annual	94,614	879	94,307	879
97	25/05/2022	25/05/2031	2.592%	EUR	Annual	997,399	15,698	996,982	15,698
98	21/11/2023	21/11/2033	4.183%	EUR	Annual	847,310	3,908	847,061	3,908
99	24/01/2024	24/01/2032	3.698%	EUR	Annual	997,426	34,665	997,074	34,672
100	24/01/2024	24/01/2036	4.055%	EUR	Annual	747,360	28,500	747,167	28,506
101	23/01/2025	23/01/2034	3.724%	EUR	Annual	996,485	35,010		
102	25/06/2025	25/06/2035	3.941%	EUR	Annual	747,116	15,354		
103	08/07/2025	08/07/2032	1.3275%	CHF	Annual	139,076	905		
						<b>23,240,710</b>	<b>2,224,386</b>	<b>24,250,746</b>	<b>2,375,229</b>

The fair value of the loans granted to Telefónica, S.A. was €24,428,723 thousand at 31 December 2025 and €25,455,461 thousand at 31 December 2024.

The calculation of the fair value for investments in group companies and associates of the Company has required, for each currency, the estimation of a credit spread curve using the prices of the Telefónica Group's bonds and credit derivatives (where pertinent).

The maturities of the non-current assets included in this category at 31 December 2025 and 2024 are as follows:

(Thousands of euros)	2025	2024
Between 1 and 2 years	3,311,010	1,881,060
Between 2 and 3 years	1,948,277	3,448,898
Between 3 and 4 years	2,255,565	1,947,591
Between 4 and 5 years	998,410	2,278,953
Beyond 5 years	14,727,448	14,694,244
<b>TOTAL NON-CURRENT ASSETS</b>	<b>23,240,710</b>	<b>24,250,746</b>

## 7. EQUITY

### 7.1 Share Capital

The share capital at 31 December 2025 comprised 62,000 ordinary shares, each with a nominal value of 1 euro. Telefónica, S.A. is the Sole Shareholder of the Company.

Telefónica Emisiones, S.A.U. is registered as a Sole Shareholder Company in the Companies Registry, where the identity of the Sole Shareholder is on record.

### 7.2 Reserves

According to the Spanish Corporate Enterprises Act, the legal reserve, as long as it does not exceed the limit of 20% against the share capital, cannot be distributed to the Sole Shareholder and may only be allocated, when there are no further reserves available, to offset losses.

The reserve can also be used to increase share capital in the part exceeding 10% of the already increased share capital amount.

The legal reserve is fully funded. The remaining reserves are available reserves.

## 8. FINANCIAL LIABILITIES

The breakdown of financial liabilities at 31 December 2025 and 2024 is as follows:

(Thousands of euros)	Note	2025	2024
<b>Non-current financial liabilities</b>		<b>23,242,993</b>	<b>24,253,424</b>
Non-current financial liabilities at amortised cost		23,242,993	24,253,424
Non-current debts: Bonds and other marketable debt securities	8.1	23,242,993	24,253,424
<b>Current financial liabilities</b>		<b>2,221,648</b>	<b>2,372,665</b>
Current financial liabilities at amortised cost			
Current debts: Bonds and other marketable debt securities	8.1	2,221,367	2,372,174
Current borrowings from group companies and associates	8.2	250	340
<b>Trade and other payables</b>		<b>31</b>	<b>151</b>
Other payables		31	110
Suppliers, group companies and associates		-	41

### Most significant transactions in 2025

On 17 January 2025, the Company amortised a bond issue on its maturity date for an amount of €1,126,800 thousand. These notes, with an annual coupon of 1.528%, were issued on January 17, 2017 through the Company's EMTN Programme.

On January 23, 2025, the Company issued bonds under the EMTN programme for a nominal amount of €1,000,000 thousand with a maturity date of January 23, 2034 and an annual coupon rate of 3.724%, issued at par.

On 11 April 2025, the Company renewed the EMTN (*Euro Medium Term Note*) programme, which allows for the issuance of bonds guaranteed unconditionally and irrevocably by Telefónica, S.A. for a maximum amount of up to €40,000,000 thousand. The programme has been approved by the Central Bank of Ireland and is valid for 12 months from its registration date.

On April 11, 2025, the Company established a new subordinated debt issuance program (Hybrids) providing for the issuance of perpetual subordinated notes unconditionally and irrevocably guaranteed by Telefónica, S.A. for a maximum amount of up to €15,000,000 thousand. The programme has been approved by the Central Bank of Ireland and is valid for 12 months from its registration date. As of the reporting date, the Company has not issued any notes under this programme.

On June 25, 2025, the Company issued bonds under the EMTN programme for a nominal amount of €750,000 thousand with a maturity date of June 25, 2035 and an annual coupon rate of 3.941%, issued at par.

On July 8, 2025, the Company issued notes under the EMTN program for a nominal amount of CHF 130,000 thousand (€139,017 thousand at the transaction exchange rate), maturing on July 8, 2032, with an annual coupon of 1.328%, issued at par.

On September 11, 2025, the Company amortised a bond issue on its maturity date for an amount of €891,600 thousand. These bonds, with an annual coupon rate of 1.495%, were issued on September 11, 2018 under the Company's EMTN Programme.

On December 19, 2025, the Company established a new Australian dollar note issuance program unconditionally and irrevocably guaranteed by Telefónica, S.A. for a maximum amount of up to AUD 10,000,000 thousand. As of the reporting date, the Company has not issued any notes under this programme.

### **Most significant transactions in 2024**

On January 24, 2024, the Company issued bonds under the EMTN programme for an amount of €1,750,000 thousand. This issuance is structured into two tranches. The first tranche, for an amount of €1,000,000 thousand, maturing on 24 January 2032, with an annual coupon rate of 3.698%, issued at par. The second tranche, for an amount of €750,000 thousand, maturing on 24 January 2036, with an annual coupon rate of 4.055%, issued at par.

On February 5, 2024, the Company amortised a bond issue on its maturity date for an amount of €1,000,000 thousand. These bonds, with an annual coupon rate of 1.069%, were issued on 5 February 2019 under the Company's EMTN Programme.

On April 11, 2024, the Company renewed the EMTN (Euro Medium Term Note) program providing for the issuance of notes unconditionally and irrevocably guaranteed by Telefónica, S.A. for a maximum amount of up to €40,000,000 thousand. The programme was approved by the Central Bank of Ireland with validity of 12 months from its registration date.

## 8.1 Bonds and other marketable debt securities

Non-current and current debts show the different issuances of bonds that the Company placed between 2006 to 2025 in Euros, US Dollars, Pounds Sterling and Swiss Francs. The issues of debentures and bonds are guaranteed by Telefónica, S.A. and at December 31, 2025 are listed on the stock exchanges of Euronext Dublin, SIX Swiss Exchange, New York Stock Exchange (“NYSE”) and Taipei Exchange. The breakdown is as follows:

(Thousands of euros)

Issue	Issue date	Mat. date	Annual interest rate	Currency	Payment frequency	2025 Non-current liabilities	2025 Current liabilities	2024 Non-current liabilities	2024 Current liabilities
EMTN 54	17/01/2017	17/01/2025	1.528%	EUR	Annual	-	-	-	1.143.187
EMTN 55 Tr1	17/01/2017	17/10/2028	2.318%	EUR	Annual	499,501	2,382	499,349	2,382
EMTN 60	11/09/2018	11/09/2025	1.495%	EUR	Annual	-	-	-	895,337
EMTN 4	02/02/2006	02/02/2026	5.375%	GBP	Annual	-	600,640	602,617	29,485
EMTN 50	13/04/2016	13/04/2026	1.46%	EUR	Annual	-	1,292,343	1,278,468	13,405
SHELF R	08/03/2017	08/03/2027	4.103%	USD	Semi-annual	1,062,337	13,688	1,201,126	15,483
SHELF S Tr1	08/03/2017	08/03/2047	5.213%	USD	Semi-annual	1,689.359	27,835	1,910,662	31,486
EMTN 59	22/01/2018	22/01/2027	1.447%	EUR	Annual	999,598	13,598	999,230	13,598
EMTN 65	21/05/2020	21/08/2027	1.201%	EUR	Annual	1,249,132	5,429	1,248,625	5,429
EMTN 66	21/05/2020	21/05/2032	1.807%	EUR	Annual	748,320	8,317	748,090	8,317
EMTN 55 Tr2	17/03/2017	17/10/2028	2.318%	EUR	Annual	199,698	953	199,602	953
EMTN 58	12/09/2017	12/01/2028	1.715%	EUR	Annual	1,249,094	20,733	1,248,661	20,733
EMTN 25	08/10/2010	08/10/2029	5.445%	GBP	Annual	457,545	5,741	481,558	6,044
EMTN 44	17/10/2014	17/10/2029	2.932%	EUR	Annual	798,985	4,820	798,767	4,820
EMTN 62	12/03/2019	12/03/2029	1.788%	EUR	Annual	998,701	14,402	998,333	14,402
EMTN 64	03/02/2020	03/02/2030	0.664%	EUR	Annual	998,436	6,021	998,064	6,023
EMTN 52	17/10/2016	17/10/2031	1.93%	EUR	Annual	748,547	2,974	748,324	2,974
EMTN 68	25/05/2022	25/05/2031	2.592%	EUR	Annual	997,424	15,623	997,011	15,623
EMTN 70	24/01/2024	24/01/2032	3.698%	EUR	Annual	997,458	34,548	997,110	34,555
EMTN 71	24/01/2024	24/01/2036	4.055%	EUR	Annual	747,395	28,413	747,205	28,418

Issue	Issue date	Mat. date	Annual interest rate	Currency	Payment frequency	2025 Non-current liabilities	2025 Current liabilities	2024 Non-current liabilities	2024 Current liabilities
EMTN 74 Tr1	08/07/2025	08/07/2032	1.3275%	CHF	Annual	139,113	890		
EMTN 69	21/11/2023	21/11/2033	4.183%	EUR	Annual	847,343	3,896	847,098	3,896
EMTN 72	23/01/2025	23/01/2034	3.724%	EUR	Annual	996,521	34,893		
EMTN 73	25/06/2025	25/06/2035	3.941%	EUR	Annual	747,154	15,305		
SHELF C	20/06/2006	20/06/2036	7.045%	USD	Semi-annual	1,691,906	3,662	1,913,244	4,142
EMTN 57	18/04/2017	18/04/2037	4.90%	USD	Annual	169,463	5,858	191,645	6,626
SHELF T	06/03/2018	06/03/2048	4.895%	USD	Semi-annual	1,056,159	16,625	1,194,499	18,805
SHELF U	06/03/2018	06/03/2038	4.665%	USD	Semi-annual	423,297	6,343	478,659	7,174
EMTN 63	01/07/2019	01/07/2039	1.957%	EUR	Annual	497,774	3,625	497,643	3,590
EMTN 67 Tr1	13/07/2020	13/07/2040	1.864%	EUR	Annual	498,231	4,366	498,133	4,366
EMTN 67 Tr2	13/07/2021	13/07/2040	1.864%	EUR	Annual	94,635	873	94,329	873
SHELF S Tr2	28/04/2017	08/03/2047	5.213%	USD	Semi-annual	433,664	6,959	490,791	7,871
SHELF V	01/03/2019	01/03/2049	5.520%	USD	Semi-annual	1,056,229	19,563	1,194,605	22,128
EMTN 53	28/12/2016	28/12/2051	4.00%	EUR	Annual	149,974	49	149,976	49
						<b>23,242,993</b>	<b>2,221,367</b>	<b>24,253,424</b>	<b>2,372,174</b>

The fair value of the debentures and bonds that the Company issued was €24,405,000 thousand at December 31, 2025 and €25,431,000 thousand at December 31, 2024.

The calculation of the fair value for the Company's financial debt instruments has required an estimated credit spread curve for each currency using the listed prices of the bonds; the same ones used for financial assets (see Note 6).

The maturities of the non-current liabilities in this category at 31 December 2025 and 2024 are:

(Thousands of euros)	2025	2024
Between 1 and 2 years	3,311,067	1,881,085
Between 2 and 3 years	1,948,293	3,448,981
Between 3 and 4 years	2,255,231	1,947,612
Between 4 and 5 years	998,436	2,278,658
Beyond 5 years	14,729,966	14,697,088
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>23,242,993</b>	<b>24,253,424</b>

The maturities, in nominal terms, of non-current liabilities classified in this category at 31 December 2025 and 2024 are as follows:

(Thousands of euros)	2025	2024
Between 1 and 2 years	3,312,847	1,882,018
Between 2 and 3 years	1,950,000	3,452,221
Between 3 and 4 years	2,258,180	1,950,000
Between 4 and 5 years	1,000,000	2,282,334
Beyond 5 years	14,789,203	14,758,508
<b>TOTAL NON-CURRENT LIABILITIES (nominal)</b>	<b>23,310,229</b>	<b>24,325,081</b>

The nominal maturities of current liabilities classified under this category as of December 31, 2025 totalled €1,851,825 thousand (€2,018,400 thousand as of December 31, 2024).

## 8.2 Current borrowings from group companies and associates

This line item includes short-term accounts payable to Telefónica, S.A. amounting to €78 thousand (€340 thousand in 2024) in its capacity as the head of the tax group to which the Company belongs, and a credit balance of €172 thousand held by the Company with Telfisa Global B.V., the entity responsible for centralizing and managing the cash of Telefónica Group subsidiaries.

## 9. TAX SITUATION

The reconciliation between accounting profit and the income tax base for 2025 and 2024 is as follows:

(Thousands of euros)	2025	2024
Accounting profit (loss) before taxes	970	1,359
Permanent differences	-	-
Temporary differences	-	-
<b>Tax results</b>	<b>970</b>	<b>1,359</b>
Current tax payable/receivable	(243)	(340)
<b>Income tax</b>	<b>(243)</b>	<b>340</b>

The Company files consolidated tax returns for corporate income tax within Tax Group No. 24/90, whose parent company is Telefónica, S.A., with Tax ID (CIF) number A-28/015865.

During 2025, the Company made payments on account of corporate income tax for 2025 (in favour of Telefónica, S.A.) amounting to €164 thousand. The Company made a payment of €340 thousand in settlement of Corporate Tax for the year 2024.

As a result of the income tax expense generated during the year, the credit balance with Telefónica, S.A., as the parent company of the tax group, amounts to €78 thousand as of December 31, 2025 (pending payment of the third instalment on account for 2025).

Under the tax regulations currently in force, tax returns may not be considered final until they have either been inspected by tax authorities or until the four-year inspection period has expired. The Company has the four recent years open for inspection insofar as all applicable taxes.

In July 2023, new inspections of various companies belonging to the 24/90 tax group were initiated. The items and periods under review are corporate income tax for the years 2018 to 2021 and value added tax for the period from May to December 2019 and the years 2020 to 2021. The tax inspection concluded in December 2025 with no significant adjustments or contingencies arising from it, and therefore had no impact on the Company's equity, financial position, or results.

The Company's Joint and Several Directors and their tax advisors consider that, in the event of a tax inspection, no significant tax contingencies would arise as a result of varying interpretations of the tax legislation applicable to the Company's transactions.

## 10. INCOME AND EXPENSES

### 10.1 External services

The breakdown of items recognised in this heading is as follows:

(Thousands of euros)	2025	2024
Independent professional services	744	280
Other services	2,530	2,288
Bank services and similar	1	1
<b>TOTAL EXTERNAL SERVICES</b>	<b>3,275</b>	<b>2,569</b>

“Independent professional services” includes the fees paid to the tax certification agent for bonds issued by the Company and auditing fees, while “Other services” primarily shows expenses incurred from services rendered by: (i) credit rating agencies, (ii) commissions for listing bonds on the New York Stock Exchange, (iii) payment agent for Company debt issuance programmes, and (iv) fees for outsourced accounting and reporting services.

## 10.2 Financial income

“Financial income with group companies and associates” mainly comprises income from credits granted to Telefónica, S.A.

## 10.3 Financial expense

“Financial expense with third parties” includes expenses incurred during the respective years corresponding to valid obligations.

## 10.4 Exchange rate differences (loss/profit)

The breakdown of assets and liabilities denominated in foreign currency at December 31, 2025 and 2024 is as follows:

2025 (Euros in thousands)	US Dollars	Pounds Sterling	Swiss Francs	Total
<b>Assets</b>				
Loans to Group companies and associates	7,681,115	1,064,319	139,981	<b>8,885,415</b>
<b>Liabilities</b>				
Bonds and other marketable debt securities	7,682,947	1,063,926	140,003	<b>8,886,876</b>

2024 (Euros in thousands)	US Dollars	Pounds Sterling	Total
<b>Assets</b>			
Loans to Group companies and associates	8,686,718	1,120,071	<b>9,806,789</b>
<b>Liabilities</b>			
Bonds and other marketable debt securities	8,688,946	1,119,704	<b>9,808,650</b>

The breakdown of foreign currency transactions is as follows:

<b>2025</b> (Euros in thousands)	<b>US Dollars</b>	<b>Pounds Sterling</b>	<b>Swiss Franc</b>	<b>Total</b>
Interest income	432,873	57,152	938	<b>490,963</b>
Interest expenses	432,263	57,109	921	<b>490,293</b>
<b>2024</b> (Euros in thousands)	<b>US Dollars</b>	<b>Pounds Sterling</b>	<b>Swiss Franc</b>	<b>Total</b>
Interest income	452,079	57,952	-	<b>510,031</b>
Interest expenses	451,714	57,909	-	<b>509,623</b>

The breakdown by financial instrument of exchange rate differences recognised in the profit and loss statement in the years 2025 and 2024 is as follows:

(Thousands of euros)	<b>2025</b>	<b>2024</b>
<b>Loans to Group companies and associates</b>		
Transactions settled in the year	-	81
Transactions pending settlement at year end	1,064,704	566,598
	<b>1,064,704</b>	<b>566,679</b>
<b>Accounts payable</b>		
Transactions settled in the year	(25)	-
Transactions pending settlement at year end	(1,064,309)	(566,612)
	<b>(1,064,334)</b>	<b>(566,612)</b>

Positive and negative foreign exchange differences are generated by the various issuances and loans issued in a foreign currency and are measured at year end at the exchange rate prevailing on that date.

## 11. RELATED-PARTY TRANSACTIONS

### 11.1 Related parties

The related parties with whom the Company carried out transactions in 2025 at arm's length, including the nature of the relationship, are as follows:

	<b>Nature of the relationship</b>
Telefónica, S.A.	Group parent
Telfisa Global, B.V.	Group company
Telefónica Europe, B.V.	Group company

## 11.2 Balances

Balances kept with related parties are as follows:

(Thousands of euros)	Group parent 2025	Other group companies 2025	Group parent 2024	Other group companies 2024
Non-current financial assets (Note 6)	23,240,710	-	24,250,746	-
Current financial assets (Note 6)	2,224,386	-	2,375,229	-
Cash and cash equivalents	-	17,532	-	17,243
Current debts (Note 8)	78	172	340	-

## 11.3 Transactions

Transactions with related parties are as follows:

(Thousands of euros)	Group parent 2025	Other group companies 2025	Group parent 2024	Other group companies 2024
External services (Note 10.1)	25	1,747	-	1,829
Financial income – Interest (Note 10.2)	877,687	395	864,796	618
Exchange rate differences (Note 10.4)	- 1,064,309	-25	566,598	81

## 12. OTHER INFORMATION

### 12.1 Independent auditors' fees

PriceWaterhouseCoopers Auditores, S.L., statutory auditor of Telefónica Emisiones, S.A.U., received total remuneration of €29 thousand in 2025 as consideration for annual account auditing services.

PriceWaterhouseCoopers Auditores, S.L., statutory auditor of Telefónica Emisiones, S.A.U., received total remuneration of €29 thousand in 2024 as consideration for annual account auditing services.

### 12.2 Board of Directors

In 2025 and 2024, the Company's Joint and Several Directors no received remuneration of any sort from the Company. The Company granted no advances, loans or credits whatsoever and assumed no obligations in respect of pensions, retirement plans or insurance payments for the Joint and Several Directors.

Pursuant to articles 229 and 230 of the Corporate Enterprises Act, the Joint and Several Directors did not disclose any conflict of interest with the Company.

### 12.3 Information on the environment

At 31 December 2025 and 2024, there were no significant assets dedicated to protecting and improving the environment, and no relevant expenses of this nature were incurred during the year. Additionally, during the years ending on 31 December 2025 and 2024, no subsidies or grants of an environmentally related nature were received.

The Company's Joint and Several Directors consider the environmental risks that could arise from the Company's activities as minimum and, in any case, appropriately covered, and consider that no additional liabilities will arise in relation to such risks.

### 12.4 Information on average payment period to suppliers.

In accordance with the provisions of the third additional provision on "Duty of information" of Law 15/2010 of 5 July, modified by Law 18/2022 of 28 September, the following information regarding the Company is reported:

	2025	2024
	<b>Days</b>	<b>Days</b>
Average supplier payment period	41.8	32.0
Ratio of paid transactions	41.9	32.2
Ratio of outstanding transactions	30.4	15.0
	<b>Thousands of euros</b>	<b>Thousands of euros</b>
Total payments made in the year	901	393
Total payments outstanding	11	5
Monetary volume of invoices paid in a period of less than 60 days	669	276
Percentage of total payments made	74.30%	70.40%
	<b>Number</b>	<b>Number</b>
Number of invoices paid in a period of less than 60 days	18	11
Percentage of total paid invoices	51.40%	37.90%

Telefónica Emisiones, S.A.U. has adapted its internal processes and payment terms policies to Spanish Law 15/2010 (amended by Laws 31/2014 and 18/2022) and Royal Decree-law 4/2013, which in turn modify Law 3/2004, establishing measures to combat late payment in commercial transactions. Accordingly, the terms of contract of suppliers in the year 2025 included payment terms equal to, less than or close to 60 days, depending on the terms agreed by the parties.

## 12.5 Contracts executed with the Sole Shareholder

The characteristics of the contracts entered into with the Sole Shareholder, Telefónica, S.A. are detailed below, indicating the execution date and a brief description of the purpose, characteristics, and obligations of the parties therein:

Contract	Execution date	Purpose	Characteristics
Framework Financing Agreement	29/04/2005	Granting loans to the Sole Shareholder	The Company will grant loans under this Framework Agreement

## 12.6 Staff

The Company had no employees at the closing dates of 2025 and 2024.

## 13. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Telefónica, S.A. guarantees, unconditionally and irrevocably, the financial debt issued by Telefónica Emisiones, S.A.U. on capital markets. The credit risk of the issuances is therefore similar to investing directly in Telefónica, S.A.

The terms and conditions of the financial assets held with Telefónica, S.A. are substantially similar to those for the financial liabilities, and therefore substantially cover interest rate, exchange rate and liquidity risks.

## 14. EVENTS AFTER THE CLOSING DATE

The following Company-related relevant events occurred between the 2025 closing date and the date on which these annual accounts were drawn up:

- On January 19, 2026, the Company issued subordinated debt under the Hybrids program for a total amount of €1,750 million. Divided into 2 series: €900 million at an interest rate of 4.381% and €850 million at an interest rate of 4.881%.
- On January 20, 2026, Telefónica, S.A. announced the delisting of the following series of Telefónica Emisiones, S.A.U. bonds from the New York Stock Exchange (NYSE): Fixed-rate senior notes maturing in 2027 (TEF/27), fixed-rate senior notes maturing in 2036 (TEF/36), fixed-rate senior notes maturing in 2038 (TEF/38), fixed-rate senior notes maturing in 2047 (TEF/47), fixed-rate senior notes maturing in 2048 (TEF/48), and fixed-rate senior notes maturing in 2049 (TEF/49) (collectively, the "Debt Securities"). On January 23, 2026, Telefónica, S.A. applied for the admission to trading of the Debt Securities of Telefónica Emisiones, S.A.U. on Euronext Dublin, and they were admitted to trading on that same date.
- On 2 February 2026, the Company amortised a debt issuance of 500 million pounds sterling on its maturity date. These bonds, with an annual coupon rate of 5.375%, were issued on 2 February 2006 under the Company's EMTN Programme.

- On February 2, 2026, the Company issued notes under the EMTN program for a total amount of €1,000 million, maturing on May 2, 2033, with an annual coupon of 3.707%.
- On February 3, 2026, the Company issued notes under the EMTN program for a total amount of CHF 170 million, maturing on February 3, 2034, with an annual coupon of 1.5075%.

## **15. ADDITIONAL NOTE FOR ENGLISH TRANSLATION**

These annual accounts were originally prepared in Spanish and were authorized for issue by the Company's Joint and Several Directors in the meeting held on February 23, 2026. In the event of a discrepancy, the Spanish language version prevails.

**MANAGEMENT REPORT FOR THE YEAR**  
**ENDED DECEMBER 31, 2025****2025 Summary**

During 2025, the Company continued carrying out the activities of its corporate purpose. The most significant events duly reflected in the 2025 Income statement are:

- Operating losses of €3,285 thousand (€2,572 thousand in the previous year), with the most relevant item generated by expenses incurred with credit rating agencies.
- Positive financial income of €4,255 thousand (€3,931 thousand in the previous year) came from interests and commissions accrued by the loans granted to Telefónica, S.A.
- The combination of the two results above added to the expense for income tax of €243 thousand (€340 thousand in the previous year) results in a profit from ordinary activity of €727 thousand (€1.019 thousand in the previous year).

The financing operations carried out in 2025 entailed issuing a total of €1,889,017 thousand in debt instruments within the framework of Telefónica Emisiones, S.A.U.'s debt issuance programme guaranteed by Telefónica, S.A.: EMTN Debt Issuance Programme totalling €40 billion.

**2026 Targets**

The Company is expected to continue its line of activity in the future, executing financial transactions for the purpose of securing financing for the Telefónica Group. In 2026, the Company shall actively monitor the international capital markets so as to issue bonds (or any other financial instrument it deems appropriate) if the market conditions are right and if these meet the Company's financing requirements.

**Capital structure**

Telefónica Emisiones, S.A. is a Sole Shareholder Company with a share capital comprising 62,000 ordinary shares with a par value of 1 euro each. The Company's share capital is fully subscribed and paid up. Its Sole Shareholder is Telefónica, S.A., a company legally established in Spain, with its registered office at Gran Vía 28, 28013 – Madrid.

**Company administration**

As in the previous year, the Company has two Joint and Several Directors who receive no remuneration for the discharge of their duties:

- (i) Carlos David Maroto Sobrado and
- (ii) Francisco Javier Ariza Garrote

### Treasury shares

The Company made no purchases or other transactions with own shares in 2025.

### Research and development activities

Telefónica Emisiones, S.A.U. did not engage in any research and development activities in 2025.

### Average supplier payment period

In 2025, the average supplier payment period for commercial transactions was less than 60 days.

Likewise, and pursuant to Spanish Law 15/2010 (amended by Law 31/2014) and Royal Decree-Law 4/2013, which in turn amend Law 3/2004, establishing measures to combat defaults in commercial transactions, in 2021 the Company entered into no agreements with commercial suppliers with average payment periods in excess of 60 days.

### Financial instruments and risk management policy

#### (i) Concentration of income, liquidity and other financial risks

Nearly all the Company's income presently comes from the same customer (Telefónica, S.A.). Therefore, the Company's ability to honour its obligations with third parties is closely related to the financial situation of Telefónica S.A. and its ability to honour the loan contracts signed with the Company.

The terms and conditions of the financial investments maintained with Telefónica, S.A., which represent virtually all the financial assets of the Company, are similar to the terms and conditions of the financial liabilities (mainly issued bonds) subscribed by the Company. Therefore, interest rate, exchange rate and liquidity risks are substantially mitigated. For this reason, the Company presently holds no financial derivatives.

#### (i) Credit risk from investing in bonds and other marketable securities issued by the Company

The bonds issued by the Company that are currently in circulation have an unconditional and irrevocable guarantee from Telefónica, S.A. and the credit risk for investing in bonds issued by the Company is therefore similar to investing directly in Telefónica, S.A.

**(ii) Worsening of the financial markets**

The worsening of the financial markets could limit the Company's finance capacity and, as a result, the Company's ability to continue its activities, i.e., securing financing in capital markets to subsequently loan them to the Telefónica Group.

Likewise, financing may become complex and costly when facing a significant deterioration in the conditions of international or local financial markets because of, for instance, monetary policies fixed by central banks because of not only interest rate hikes but also balance reductions, increased economic and political uncertainties, oil price instability or possible impaired solvency or operational behaviour of the Telefónica Group.

The occurrence of any of the aforementioned risks could have negative effects on the Company's capacity and costs to secure financing to furnish the Telefónica Group. This in turn could adversely affect the businesses, financial situation, operating income and/or cash flows of the Company and the Telefónica Group.

**Related-party transactions**

The Company grants long-term financing to its shareholder, Telefónica, S.A. and holds asset balances with related companies.

**Shareholder remuneration**

As in the previous year, the Company paid no dividends in 2025.

The Company's Joint and Several Directors intend to propose to the Sole Shareholder that the 2025 earnings be charged to voluntary reserves.

**Annual Corporate Governance Report**

Pursuant to article 540 of the Consolidated Text of the Corporate Enterprises Act, approved by Royal Legislative Decree 1/2010 of July 2, and amended by the seventh additional provision of the Securities Market Act, contained in Act 5/2021 of April 12, companies other than listed public companies which issue securities traded on regulated markets and which are established or operate in a Member State are not required to prepare an annual corporate governance report.

The Company is subject to the Code of Good Corporate Governance of its Sole Shareholder, which can be read in detail in the Annual Report on Corporate Governance of Telefónica, S.A. and which is fully compliant with the Code of Good Corporate Governance of Listed Companies published by the National Securities Market Commission, which describes the internal control and risk management systems relating to the process of disclosure of information.

## Events after the reporting period

The following Company-related relevant events occurred between the 2025 closing date and the date on which these annual accounts were drawn up:

- On January 19, 2026, the Company issued subordinated debt under the Hybrids program for a total amount of €1,750 million.  
Divided into 2 series: €900 million at an interest rate of 4.381% and €850 million at an interest rate of 4.881%.
- On January 20, 2026, Telefónica, S.A. announced the delisting of the following series of Telefónica Emisiones, S.A.U. bonds from the New York Stock Exchange (NYSE): Fixed-rate senior notes maturing in 2027 (TEF/27), fixed-rate senior notes maturing in 2036 (TEF/36), fixed-rate senior notes maturing in 2038 (TEF/38), fixed-rate senior notes maturing in 2047 (TEF/47), fixed-rate senior notes maturing in 2048 (TEF/48), and fixed-rate senior notes maturing in 2049 (TEF/49) (collectively, the "Debt Securities"). On January 23, 2026, Telefónica, S.A. applied for the admission to trading of the Debt Securities of Telefónica Emisiones, S.A.U. on Euronext Dublin, and they were admitted to trading on that same date.
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- On February 2, 2026, the Company issued notes under the EMTN program for a total amount of €1,000 million, maturing on May 2, 2033, with an annual coupon of 3.707%.
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TELEFÓNICA EMISIONES, S.A.,  
(Sole Shareholder Company)

### SIGNATURE VALIDATION

At their meeting on 23 February 2026, the Joint and Several Directors of Telefónica Emisiones, S.A. (Sole Shareholder Company) authorised the issuance of these Annual Accounts, comprising the Balance sheet, Profit and loss statement, Statement of changes in equity, Cash flow statement and Notes for 2025, all of which form an integral part of this document.

These annual accounts and Management Report have been endorsed on all the pages. This document serves as a signature for all the documents comprising the annual accounts and Management Report.

**Carlos David Maroto Sobrado**

Joint and Several Director of  
Telefónica Emisiones, S.A. (Sole Shareholder Company)

**Francisco Javier Ariza Garrote**

Joint and Several Director of  
Telefónica Emisiones, S.A. (Sole Shareholder Company)