Press Release_Q2 2026 Results

Telefónica posts an adjusted EBITDA of €5,768 million (+3.8 per cent) in the first half of the year and upgrades its operating cash flow forecast for 2026

- In H1 2026, Telefónica reported revenue of €16,392 million, adjusted EBITDA of €5,768 million, adjusted net income from continuing operations of €954 million, and free cash flow from continuing operations of €944 million.
- ‘Transform & Grow’ strategic plan execution has enabled the company to upgrade its 2026 target for growth in adjusted operating cash flow after leases (adjusted OpCFaL) from over 2 per cent to over 3 per cent, an improvement of 50 per cent.
- The months from April to June marked the third consecutive quarter of simultaneous growth across the key financial metrics, both at real and constant exchange rates, with a 6.4 per cent increase in adjusted EBITDA, a 6.7 per cent rise in adjusted operating cash flow after leases, and a 4.0 per cent rise in service revenue at real exchange rates.
- Telefónica has continued to reduce its net financial debt, which stood at €25,278 million in June, 8.4 per cent lower than at the end of June 2025.
- The Group is on track to meet all its financial targets for 2026, which have been confirmed or upgraded.
- Telefónica España maintains its strong commercial momentum, increases fibre and mobile contract accesses, brings churn down to an all-time low and accelerates growth in revenue (+2.9%) and adjusted EBITDA (+2.3%) in Q2.
- Telefónica Brasil has reached a record 118.9 million connections, recording 29 per cent growth in its convergent offering, in line with the Transform & Grow plan, and driving growth in revenue (+17.8% in real rates and +7.6 per cent in constant rates) and adjusted EBITDA (+21.6% in real rates and +11.3 per cent in constant rates) in Q2.

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- Telefónica Deutschland has increased its mobile customer base, launched the O2 Mobile Plus bundled service and made progress with its reorganisation to simplify its operating model.

- In the UK, VMO2 has posted results that are on track to meet its 2026 financial targets.

- Telefónica's total number of accesses rose to 299.8 million, +5.3% growth y-o-y, whilst 5G coverage reached 83 per cent of the population across the four core markets.

Madrid, 29 July 2026. Telefónica today presented its results for the first half of 2026, a period in which its revenue rose to €16,392 million (+1.7 per cent) and adjusted[1] EBITDA to €5,768 million (+3.8 per cent), and during which its continuing operations achieved an adjusted net income of €954 million. Between April and June, the company posted its third consecutive quarter of simultaneous growth across all key financial indicators, at both real and constant[2] exchange rates. This performance was driven by accelerated growth in revenue, adjusted EBITDA and adjusted operating cash flow after leases (adjusted OpCFaL) in Spain and Brazil during the second quarter.

The figures achieved in the first half of the financial year enable Telefónica to reinforce its ambitions for the second half of the year. Specifically, the company has upgraded its target for adjusted operating cash flow after leases (adjusted OpCFaL); it now expects year-on-year growth of over 3 per cent in constant terms, up from the previous forecast of over 2 per cent year-on-year, representing a 50 per cent improvement. The company is also on track to meet its other financial targets. These targets, defined at a constant exchange rate, consist of year-on-year growth in revenue and adjusted EBITDA of 1.5%–2.5% and a capital expenditure-to-revenue ratio of around 12%. This forecast is accompanied by free cash flow of approximately €3,000 million and a target reduction in leverage to 2.5 times EBITDAaL by 2028.

The results for the first half of the year also enable Telefónica to confirm a cash dividend of €0.15 per share for the 2026 financial year, payable in June 2027, subject to approval by the Annual General Meeting of Shareholders. In June 2026, the company made a cash payment of €0.15 per share, an amount corresponding to the second instalment of the dividend for the 2025 financial year.

"Q2 26 was another quarter of strong delivery against our strategy. We continued to execute our Transform & Grow Plan, which is yielding results. Ambitious, rigorous and effective management along with strong momentum and improving operating leverage lead us to upgrade our adjusted OpCFaL guidance. This is perhaps the most important

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[1] *Adjusted figures consider constant perimeter and derived capital gains/losses and do not include restructuring costs, write-offsand material non-recurring impacts.*

[2] *Constant: assumes constant FX (average FX Q1 25), constant perimeter and excludes the contribution to growth from Venezuela.*

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metric for a telecom company, as it reflects the performance of the core business. The rest of operating and financial metrics are on track to fulfil our 2026 guidance," said Marc Murtra, Chairman and CEO of Telefónica.

Solid revenue and improved profitability

In the second quarter of 2026, Telefónica generated revenue of €8,265 million, up 3 per cent on the second quarter of 2025 at real exchange rates (0 per cent at constant exchange rates). For the first half of the year, revenue totaled €16,392 million, up 1.7% at real exchange rates (up 0.4% at constant exchange rates).

By segment, revenue from the residential business (B2C) grew by 5.6% year-on-year at real exchange rates (1.4% at constant exchange rates), reaching €4,885 million, accounting for 59% of the total. In the first half of the year, it totaled €9,693 million. Revenue from the business-to-business (B2B) segment rose by 9.5 per cent at real exchange rates (6.7 per cent at constant exchange rates) between April and June, reaching €2,022 million, accounting for 24 per cent of the total, and totaling €3,954 million in the first half of the year. Revenue from the wholesale business fell by 12.4 per cent at real exchange rates (12.3 per cent at constant exchange rates) in the second quarter, to €1,358 million, accounting for the remaining 17 per cent. In the first half of the year, it stood at 2,744 million euros.

Telefónica improved its profitability in the second quarter of 2026, with adjusted EBITDA reaching €2,933 million, up 6.4 per cent at real exchange rates (2.7 per cent at constant exchange rates) compared with the same period last year. This growth has driven adjusted EBITDA for the first half of the year to €5,768 million, up 3.8% at real exchange rates (2.3% at constant exchange rates), putting the Group firmly on track to meet its growth targets for the year.

The same trend was seen in adjusted operating cash flow after leases, which accelerated its growth in the second quarter. During this period, adjusted OpCFaL rose to €1,279 million, up 6.7 per cent at real exchange rates (2.9 per cent at constant exchange rates). In the first half of the financial year, it reached €2,654 million, up 4.0% at real exchange rates (2.7% up at constant exchange rates).

Adjusted net income from continuing operations stood at €473 million in the second quarter. In the first half of the financial year, adjusted net income from continuing operations reached €954 million.

As regards reported results, Telefónica posted a net profit of €73 million in the second quarter, with continuing operations generating a net profit of €87 million and discontinued operations recording a loss of €14 million. The Group's net profit for the second quarter was negatively impacted by a provision of 265 million euros set aside to cover the restructuring of Telefónica Deutschland.

In the first half of the year, the company's losses fell to €338 million, 75.0 per cent lower than in the same period of 2025. Continuing operations contributed a net profit of €474

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million, whilst discontinued operations recorded a net loss of €812 million. The losses include an impact of €1,001 million arising from the divestment in Chile, and the provision for the restructuring of Telefónica Deutschland in the second quarter, as mentioned above.

Spain and Brazil are setting the pace

Telefónica España has accelerated its growth, with quarterly revenue of €3,279 million (+2.9 per cent) and adjusted EBITDA of €1,151 million (+2.3 per cent). In the last quarter, average revenue per user (ARPU) stood at €91.1 and the churn rate remained at a record low of 0.7%. Furthermore, the mobile contract subscriber base has consolidated at over 16 million, and IoT lines have risen to 25.82 million, up 197.9 per cent on June 2025. In the first half of the year, revenue and adjusted EBITDA rose to €6,513 million (+2.5%) and €2,301 million (+2.1%), respectively.

Telefónica Brasil ended June with a record total of almost 119 million accesses, and its Vivo Total convergent offering reached 3.8 million customers – 29 per cent more than a year ago. In the second quarter, revenue growth accelerated to outpace inflation, reaching €2,684 million, up 17.8 per cent at real exchange rates (7.6 per cent at constant exchange rates). The same trend was seen in adjusted EBITDA, which reached €1,168 million after growing by 21.6 per cent at real exchange rates (11.3 per cent at constant exchange rates). The latest quarter saw an increase in the adjusted EBITDA margin, which rose by 1.4 percentage points year-on-year to 43.5 per cent. In the first half of the year, revenue stood at €5,195 million, up 12.5 per cent at real exchange rates (up 7.5 per cent at constant exchange rates), whilst adjusted EBITDA stood at €2,215 million (up 15.1 per cent at real exchange rates and up 10 per cent at constant exchange rates).

Telefónica Deutschland, which has reported falls in revenue and adjusted EBITDA in both the second quarter and the first half of the year, has recorded nearly 30k quarterly net adds mobile contract subscribers and has launched its new convergent offering, O2 Mobile Plus, whilst the company continues with its reorganisation to simplify its operating model and boost its profitability.

Meanwhile, in the UK, the financial results achieved by VMO2 in the first half of the year put the company on track to meet its 2026 forecasts.

The Group's CapEx in the second quarter stood at €1,042 million, up 3.9 per cent on the same period in 2025 at real exchange rates, bringing the total for the first half of the year to €1,908 million, an increase of 1.4 per cent. This figure has resulted in a capital expenditure-to-revenue ratio of 11.6% in the first six months of 2026, in line with the target set for the year.

Improved FCF and lower debt

Free cash flow from continuing operations stood at €611 million in Q2, bringing the total for the first half of the year to €944 million.

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The Group has reduced its net financial debt, which stood at €25,278 million in June, 8.4 per cent lower than a year earlier, and the debt-to-equity ratio has fallen to 2.68 times, down from 2.72 times at the end of March 2026 and 2.78 times at the end of 2025.

More accesses and leadership in fibre in line with the Transform and Grow plan

Telefónica ended June with 299.8 million accesses, up 5.3 per cent on the end of June 2025. This growth is driven by fibre-to-the-home (FTTH) accesses, which have risen by 8.3 per cent to 14.2 million.

The Group has maintained its global leadership position in fibre, with 163.7 million properties passed by ultra-fast broadband networks (+1%), of which 76.6 million (+7%) are FTTH.

Furthermore, Telefónica offers 5G coverage of 96% in Spain, 99% in Germany, 72% in Brazil and 88% in the UK, giving an average of 83% across its four core markets.

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