Telefónica

RESULTS 2026 Q3



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The financial information related to January-September 2026 contained in this document has been prepared under International Financial Reporting Standards (IFRS), as adopted by the European Union. The management of the Group uses a series of APM in its decision-making, in addition to those expressly defined in the IFRS, as they provide additional information useful to assess the Group's performance, solvency and liquidity. These measures should not be viewed separately or as a substitute for the measures presented according to the IFRS (see the Appendix "Alternative performance measures").

Telefónica's management model, regional and integrated, means that the legal structure of the companies is not relevant for the release of Group financial information, and therefore, the operating results of each of these business units are presented independently, regardless of their legal structure. For the purpose of presenting information on a business unit basis, revenue and expenses arising from invoicing among companies within Telefónica's perimeter of consolidation for the use of the brand and management contracts have been excluded from the operating results for each business unit. This breakdown of the results does not affect Telefónica's consolidated earnings.

The English language translation of the consolidated financial results originally issued in Spanish has been prepared solely for the convenience of English speaking readers. Despite all the efforts devoted to this translation, certain omissions or approximations may subsist. Telefónica, its representatives and employees decline all responsibility in this regard. In the event of a discrepancy, the Spanish-language version prevails.

Link to detailed financial and operational data: click **here**.

Results presentation

The management will host a presentation to discuss the results at 10:00am CET on 12th November 2026

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Telefónica Q3 2026 Financial Results

12th November 2026

Deepen transformation and further build on our Transform & Grow plan

Highlights

- **Deliver best-in class customer experience** (y-o-y)
  - Accesses growth (+5%; 302.1m) and increasingly high NPS (35, +2 p.p.)
  - AI as a key enabler of customer experience, commercial performance, process efficiency and network automation
  - Our portfolio includes AI-based services; B2C partnerships and B2B opportunities, like Gigafactories
- **Strategically positioned to accelerate European technological sovereignty**
  - AI to deliver capabilities in cybersecurity and sovereign cloud, from network infrastructure to enterprise services
- **Evolving technological capabilities** (y-o-y)
  - Global leadership in fibre, with 77.6m PPs FTTH (+7%). 83% 5G coverage in core markets (+5 p.p.) and whole 5G SA in Spain, Brazil and Germany
  - Level 4 use cases are already in full operation, progressing to global average of autonomy for 2028 (Level 3.75)
  - Key technological building blocks: agentic AI environments, zero-trust architectures and generative AI
- **Simplification of the operating model in Spain**
  - To take advantage of synergies, drive growth and scale digital services internationally
  - Structure in three major independent business units: B2B, B2C and Wholesale
- **Delivering sustainable growth** (Telefónica Group y-o-y constant)
  - 4th consecutive quarter of growth in constant and real in main KPIs. Higher growth in real terms (positive FX)
  - Revenue acceleration to +2.2% supported by service revenue (+1.8%) and handset sales back to growth (+7.4%)
  - B2C revenue improved to +3.9%, with strong ecosystem expansion in Spain and Brazil
  - B2B maintained its differential growth (revenue +5.6%). Spain, Brazil and Germany, high single-digit growth
  - Adjusted EBITDA accelerated growth to +2.8% on simplified operating model and ongoing efficiencies
  - Adjusted OpCFaL ramped up significantly to +7.2% (margin +0.8 p.p.). In 9M 26 +4.2%, margin expanded +0.5 p.p.
  - CapEx/Revenue 12.0%, broadly stable vs 9M 25
- **Strong commercial and financial performance continues** (y-o-y constant)
  - Spain; very solid growth (revenue +2.6%, service rev. +2.6%, adjusted EBITDA +2.6%, adjusted OpCFaL +2.8%). Commercial activity improving in Q3, churn improved y-o-y and ARPU accelerates y-o-y growth
  - Brazil; growth above inflation, revenue +7.2%, adjusted EBITDA +9.7% and adjusted OpCFaL improved to +21.5% (margin +2.5 p.p.). Highest level of contract net adds in 11 quarters, maintaining leadership
  - Germany; revenue improved to -2.9% (vast majority of 1&1 impact in H1). Handset sales back to growth (+2.5%) and adjusted EBITDA declined -9.9% (non-linear efficiency measures). Trading reflects value over volume strategy
- **FCF improvement throughout the year**
  - €1,018m in Q3 26 (Q2 26: €611m, Q1 26: €333m). Q3 3.2x higher y-o-y mainly on tax refund in Spain
  - FCF accelerated in 9M to €1,963m and grew +10.7% y-o-y. FCF back-end loaded trajectory
  - Progress in leverage ratio (-0.05x vs Jun-26) to 2.63x (Sep-26), deleveraging in 2026 towards 2.5x 2028 target
- **Revised 2026 guidance**
  - Revenue 1%-1.5% growth y-o-y (before 1.5%-2.5%)
  - Service revenue ~1.5% growth y-o-y (new target)
  - Upgraded adjusted EBITDA growth to slightly above 2.5% y-o-y (before 1.5%-2.5%)
  - Upgraded adjusted OpCFaL to over 3.5% growth y-o-y (before over 3% y-o-y growth, already upgraded in H1 from over 2%)
  - FCF ~€3.1bn (from ~€3bn)

Unless stated otherwise, CapEx excludes spectrum
Constant: assumes constant FX (average FX in 9M 25 and excluding the contribution to growth from Venezuela) and assumes adjusted figures (constant perimeter and derived capital gains/losses, and does not include restructuring costs, write-offs and material non-recurring impacts)
FCF from continuing operations excludes spectrum payments, at real FX

Emilio Gayo, Chief Operating Officer of Telefónica

"We are pleased to announce another strong set of results. The fundamentals of our Transform & Grow strategy remain intact and the execution during 2026 has reinforced our confidence in delivering our plan.

We are undergoing a comprehensive transformation process to boost our competitiveness, underpinned by decisions such as the almost complete exit of Hispam, restructuring programs in Spain, the global units and Germany, efficiencies delivery coming from a more simplified operation model, AI, digitalisation, automation, legacy shut-downs. We are developing new sources of growth like digital services in B2B, ecosystem in B2C, opportunities in sovereign digital infrastructure, Edge Computing, AI services and the AI Gigafactory initiative.

Moreover, Telefónica España´s new operating model and the new structure of three business units (B2B, B2C and Wholesale) aim to drive growth and streamline the organisation.

Our Group results continued to grow in revenue, adjusted EBITDA and adjusted OpCFaL for the fourth consecutive quarter, both in real and constant terms while our CapEx/Revenue ratio remains industry-leading. Our business in Spain and Brazil maintained a very solid commercial momentum and strong growth rates in local currency. FCF growth accelerated as anticipated, reducing net debt by €1.6bn in 9M 26 and leverage to 2.63x.

Ongoing strong operational and financial momentum in Q3 26 results allow us to upgrade our full year-guidance in adjusted EBITDA, Adjusted OpCFaL and FCF. Our dividend is reiterated. Revenue guidance is revised downwards mainly on handset sales performance, but service revenue continued to perform very solidly.

Finally, we have the ambition to provide citizens with the best gateway to access digital technologies and to become best-in class European Telco by 2030 and worldwide by 2035."

Outlook

2026 guidance (constant[1])

- **Revenue to 1%-1.5% growth** y-o-y from 1.5%-2.5% (9M 26 +1.0%)
- **Service revenue to ~1.5% growth** y-o-y (9M 26 +1.3%)
- **Upgraded adjusted EBITDA to slightly above 2.5% growth** y-o-y from 1.5%-2.5% (9M 26 +2.5%)
- **Upgraded adjusted OpCFaL to over 3.5% growth** y-o-y from over 3% (9M 26 +4.2%)
- **CapEx/Revenue ~12%** (9M 26 12.0%)
- **Upgraded FCF to ~€3.1bn from** ~€3.0bn (9M 26 €1,963m)
- **Leverage decline towards 2028 target** (Sep-26 2.63x)
- **2026 dividend of €0.15** per share **in cash** to be paid in June 2027 confirmed. For this payment, the adoption of the corresponding corporate resolutions will be proposed in due course
- **The second tranche of the 2025 dividend** of €0.15 per share in cash was paid the 18th June, 2026

As announced in the last Capital Markets Day (4/11/2025), Telefónica strategic guidelines up to 2028 (mid-term) and 2030 (long-term) of the Transform & Grow framework are the following (constant[1]):

- **Revenue CAGR of 1.5%-2.5%** for **2025-2028,** accelerating to **2.5%-3.5% CAGR** for **2028-2030**
- **Adjusted EBITDA CAGR of 1.5%-2.5%** for **2025-2028** and accelerating to **2.5%-3.5%** for **2028-2030**
- **Adjusted OpCFaL CAGR of 1.5%-2.5%** for **2025-2028** and accelerating to **2.5%-3.5%** for **2028-2030**
- **CapEx/Revenue down to ~12% 2026-28**
- **FCF CAGR 3%-5% for 2025-2028**
- **Leverage ratio** (Net Debt / EBITDAaL) in **2028** of **~2.5x**
- The **target remuneration for 2027 and 2028** will be based on a 40-60% payout of FCF base for dividend[2], to be paid in June of the following year. For these, the adoption of the corresponding corporate resolutions will be proposed in due course

[1] *Criteria for 2026 guidance: assumes constant FX (average in 2025), excludes the contribution to growth from Venezuela, considers constant perimeter and derived capital gains/losses, and does not include restructuring costs, write-offs and material non-recurring impacts. CapEx ex-spectrum. FCF from continuing operations excludes spectrum payments, at real FX*

[2] *FCF base for dividend calculated as FCF for guidance including employee commitments and VMO2 dividends*

Telefónica Group Main KPIs

	9M 26			Q3 26		
	(€m)	y-o-y % Chg	Constant y-o-y % Chg	(€m)	y-o-y % Chg	Constant y-o-y % Chg
Revenue	24,825	2.8	1.0	8,433	4.8	2.2
Adj. EBITDA	8,846	4.6	2.5	3,078	6.2	2.8
Adj. OpCFaL	4,018	6.1	4.2	1,364	10.6	7.2
CapEx ex spectrum / Revenue	12.1%		(0.2) p.p.	13.0%		(0.6) p.p.
FCF from continuing operations	1,963	10.7		1,018	220.1	
Net Financial Debt	25,186	(10.8)				
Adj. Net Income from continuing operations	1,583	(14.1)		629	(1.0)	

	9M 26 (€m)	y-o-y % Chg	Constant y-o-y % Chg	Q3 26 (€m)	y-o-y % Chg	Constant y-o-y % Chg
Revenue	24,825	2.8	1.0	8,433	4.8	2.2
Telefónica España	9,828	2.5	2.5	3,316	2.6	2.6
Telefónica Brasil	7,907	13.5	7.4	2,712	15.4	7.2
Telefónica Deutschland	5,597	(7.6)	(7.6)	1,903	(2.9)	(2.9)
Other companies & eliminations	1,493	(3.5)	(3.6)	502	0.1	(3.0)
Adj. EBITDA	8,846	4.6	2.5	3,078	6.2	2.8
Telefónica España	3,501	2.3	2.3	1,199	2.6	2.6
Telefónica Brasil	3,473	16.2	9.9	1,258	18.0	9.7
Telefónica Deutschland	1,745	(8.5)	(8.5)	566	(9.9)	(9.9)
Other companies & eliminations	127	(7.5)	(3.8)	54	51.9	27.6
Adj. EBITDAaL	7,023	4.0	1.9	2,461	6.2	2.8
Telefónica España	3,018	2.4	2.4	1,036	2.5	2.5
Telefónica Brasil	2,754	16.9	10.6	1,013	18.7	10.4
Telefónica Deutschland	1,137	(14.0)	(14.0)	363	(14.2)	(14.2)
Other companies & eliminations	114	(9.9)	(4.6)	49	56.8	31.7
CapEx	3,005	1.3	(1.0)	1,097	1.1	(2.3)
Telefónica España	1,100	1.5	1.5	380	2.2	2.2
Telefónica Brasil	1,205	10.1	4.1	433	5.7	(1.6)
Telefónica Deutschland	578	(13.0)	(13.0)	230	(10.7)	(10.7)
Other companies & eliminations	122	(1.5)	(3.2)	54	17.9	3.2
Spectrum	—	—	(91.4)	—	—	1.1
Adj. OpCFaL	4,018	6.1	4.2	1,364	10.6	7.2
Telefónica España	1,918	2.9	2.9	656	2.8	2.8
Telefónica Brasil	1,549	22.8	16.2	580	30.6	21.5
Telefónica Deutschland	559	(15.1)	(15.1)	133	(19.7)	(19.7)
Other companies & eliminations	(8)	c.s.	(62.8)	(5)	(65.2)	(57.9)

	Sep 26 (thousands)	y-o-y % Chg
Total Accesses	302,115	5.2
o/ w FTTH	14,512	7.9
o/ w Contract	104,780	0.2
o/ w Pay TV	7,311	0.2
o/ w Wholesale	22,788	3.6

Link to detailed financial and operational data: click **here**.

Adjusted/Constant. The reconciliation between real, adjusted and constant figures is included in the Selected Financial data published for the period

Operational, infrastructure and IT performance

Total accesses amounted to 302.1m as of Sep-26, +5% y-o-y boosted by FTTH (+8% y-o-y).

Telefónica maintains its **global leadership in fibre**, the most future-ready carrier solution for the next 50 years and already XGS-PON-ready. As of Sep-26, the company had 164.1m UBB premises passed (PPs), up 1% y-o-y. This total included 77.6m FTTH PPs, up 7% y-o-y, of which 22.4m were contributed by FibreCos, up 5% y-o-y.

As of Sep-26, **5G coverage** reached 96% in Spain, 99% in Germany, 73% in Brazil and 88% in the UK. In Spain, Brazil and Germany, 5G SA coverage now matches the full 5G footprint. In the UK, Telefónica operates the country's largest 5G SA network, which now covers almost the entire 5G footprint.

Telefónica strengthened its leadership in *Autonomous Networks* and received global recognition from *TM Forum*, highlighting its impact, leadership and collaboration within the global innovation ecosystem. This consolidates its position at the forefront of the global Telco Ecosystem with advances in the rollout of Level 4 Autonomous Networks and AI-native operations.

Autonomous Network Journey (ANJ) program progress towards the industrialization of AI through service-centric operations, multi-agent architectures and governed closed loops. These reinforce autonomy as a strategic lever for increasing efficiency, resilience and the quality-of-service delivery. At the same time, Telefónica continues to consolidate its industry leadership, collaborating with operators from different continents and standardization organizations by sharing its expertise to understand the transformation model, governance approach, methodology for measuring network autonomy and the deployment of the whole program.

As **real use cases**, main highlights are as follows:

- **Spain** is improving network operations efficiency and autonomy through intelligent base station management, adapting resources to low-traffic periods. By optimising infrastructure use, it reduces operational complexity and unnecessary network events, enables controlled maintenance and preserves service quality, accelerating the transition to data-driven, self-optimising operations.
- **Germany** is enhancing its mobile network by making network operation increasingly efficient and autonomous through AI-driven activities achieving a Level 4 of autonomy in this process.
- **Brazil** has implemented closed-loop automation to predict capacity constraints and provision resources. As such, it prevents service degradation before customers are affected and maintains uninterrupted delivery. This predictive, self-managing capability enhances customer experience, strengthens service resilience and accelerates the transition toward truly autonomous operations.

Telefónica's ANJ program continues to improve data quality, harmonise information sources and modernise operational systems. This is creating a robust digital foundation that enables greater automation, more accurate decision-making and the reliable deployment of future autonomous capabilities, while ensuring the governance, resilience and data quality required to support increasingly intelligent and autonomous network operations.

Initiatives to **reduce energy consumption** include optimising energy consumption in the radio access network (RAN), consolidation of Data Centers, replacement of obsolete equipment, and legacy switch-off. Germany is implementing free-cooling systems to reduce energy consumption in air-conditioning equipment, Spain has decommissioned 150 IP routers and Brazil continues with its copper shutdown. The goal is to reduce energy consumption per unit of traffic by 95% by 2030 vs 2015 and to achieve net-zero emissions by 2040.

Financial performance

Income Statement

Group consolidated results include the deconsolidation of Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities were reclassified as held for sale in the consolidated statement of financial position at September 30, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

FX moves, driven by the Brazilian reais y-o-y appreciation vs the euro, had a positive impact of +€196m in revenue and +€86m in adjusted EBITDA in Q3 26 (+€414m and +€177m, respectively in 9M). At FCF from continuing operations it was €61m positive in 9M. At net debt, the FX impact increased it by €263m (€506m plus leases) due to the Brazilian reais appreciation since Dec-25.

Revenue increased by 4.8% to €8,433m in Q3 26, +2.8% y-o-y to €24,825m in 9M 26. In constant terms, revenue grew 2.2%, with service revenue up 1.8% and handset sales +7.4% (9M: +1.0%, +1.3%, -1.8%).

B2C revenue grew 3.9% in Q3 26 y-o-y in constant terms (€4,985m, 59% of total) and by 2.2% y-o-y in 9M 26. Solid growth reflects an excellent service, leveraged on network leadership and a differential ecosystem, that increases customer engagement and value.

B2B revenue up in Q3 26 by 5.6% y-o-y in constant terms (€1,996m, 24% of total) and by 6.0% y-o-y in 9M 26, posting high single digit growth in Brazil, Spain, and Germany. Both Corporate and SME revenue increased (+7.2% y-o-y and +1.8% y-o-y respectively in Q3 26). Main growth driver is digital services revenue and already accounting for 49% of total B2B revenue.

Wholesale & Partners and Others revenue fell 6.5% y-o-y in Q3 26 in constant terms (€1,453m, 17% of total) and -8.8% y-o-y in 9M 26. Year-on-year decline is due to the impact of the transformation of the business B2P in Germany and the contract renewal of wholesale contracts in Spain.

Other income reached €493m in Q3 26 and €1,091m in 9M 26, and included €107m capital gain from the sale of Gran Vía building. In constant terms, grew +17.7% y-o-y in Q3 26 and +11.7% y-o-y in 9M 26.

Operating expenses grew 4.8% y-o-y to €5,729m in Q3 26 (+3.5% to €17,206m in 9M; including €0.3bn restructuring in Germany in Q2). In constant terms, OpEx was up +3.0% y-o-y (+0.8% in 9M 26) due to higher supply and other operating costs, partially offset by lower personnel costs.

Impairments and losses on disposal of assets totalled €12m in Q3 26, €21m in 9M 26.

Earnings before depreciation and amortisation (adjusted EBITDA) increased by 6.2% to €3,078m in Q3 26, +4.6% to €8,846m in 9M 26. In constant terms, grew +2.8% y-o-y in Q3 26, and +2.5% y-o-y in 9M 26 with Spain and Brazil more than offsetting Germany.

Adjusted EBITDA margin: 36.5% in Q3 26 and 35.6% in 9M 26 (+0.2 p.p. and +0.5 p.p. y-o-y constant, respectively).

Adjusted EBITDAaL grew 6.2% y-o-y to €2,461m in Q3 26, +4.0% y-o-y to €7,023m in 9M 26. In constant terms, increased by 2.8% and 1.9%, respectively.

Depreciation and amortisation decreased by 1.7% y-o-y to €1,708m in Q3 26 (+1.0% to €5,204m in 9M).

Share of profit of investments accounted for by the equity method: -€40m in Q3 26 and -€283m in 9M 26, vs +€25m in Q3 25 and -€274m in 9M 25, mainly reflecting VMO2's results.

Net financial expenses decreased 57.1% y-o-y to €173m in Q3 26 mainly due to non-recurrent non-cash effects. In 9M 26, increased +8.7% y-o-y to €1,104m, as debt-related savings did not offset higher non-recurrent effects.

Corporate income tax amounted to €295m in Q3 26 vs €155m in Q3 25, mainly explained by higher tax due to higher profits (€512m in 9M 26 vs €541m in 9M 25).

Profit attributable to minorities from continuing operations: €111m in Q3 26 and €252m in 9M 26 (€85m in Q3 25 and €208m in 9M 25) due to higher profit from minority interests of Brasil.

Adjusted/Constant. The reconciliation between real, adjusted, and constant figures is included in the Selected Financial data published for the period

Net income from continuing operations: €860m in Q3 26 and €1,333m in 9M 26 with **earnings per share** of €0.14 and €0.19 (€342m and €0.05 in Q3 25; €1,097m and €0.16 in 9M 25, respectively). In adjusted terms: net income -1.0% y-o-y to €629m in Q3 26 (-14.1% to €1,583m in 9M 26), with EPS -0.5% to €0.10 (-15.7% to €0.25 in 9M). Adjustments were: +€80m capital gain and +€151m other impacts in Q3 26 (9M: -€255m restructuring, +€80m capital gain, -€75m of other impacts).

Profit from discontinued operations: -€58m in Q3 26 and -€879m in 9M 26. **Minorities from discontinued operations** was -€9m in 9M 26. This resulted in **net income from discontinued operations** of -€58m and -€870m (EPS of -€0.01 and -€0.15), respectively.

Free Cash Flow

Adjusted OpCFaL increased +10.6% y-o-y to €1,364m in Q3 26 and +6.1% to €4,018m in 9M 26. In constant terms, **OpCFaL** grew +7.2% and +4.2% y-o-y, respectively.

CapEx grew +1.1% y-o-y to €1,097m in Q3 26 and +1.3% y-o-y to €3,005m in 9M 26, but decreased -2.3% and -1.0% in constant terms. **CapEx/Revenue:** -0.6 p.p. y-o-y to 12.9% in Q3 26 and -0.2 p.p. to 12.0% in 9M 26, constant.

Leases rose +6.2% y-o-y to €617m in Q3 26 and +7.0% y-o-y to €1,823m in 9M 26 (+3.1% and +4.6% constant), mainly due to 5G roll out and inflation.

Working capital variation consumed €1,103m in 9M 26, mainly explained by CapEx seasonality, deferred expenses and other seasonality impacts. Working capital consumption was €584m higher compared to 9M 25, mainly driven by working capital from commercial activity, other positive non-recurrent impacts in 2025 and seasonality impacts.

Interest payments totaled €937m in 9M 26 and decreased 9.5% y-o-y mainly due to judicial collections in Brazil. The effective cost of debt related interest payments (L12M) decreased to 2.85% as of Sep-26 (Sep-25: 3.05%).

Tax payments: €11m in 9M 26 (€354m in 9M 25) reflecting €334m tax refund received in Spain from prior years.

Dividends paid to minority shareholders in Brazil were €107m in 9M 26 (€83m in 9M 25).

Free cash flow from continuing operations: €1,018m in Q3 26, €1,963m in 9M 26 (€318m in Q3 25, €1,774m in 9M 25).

Pre-retirement commitments amounted €283m in Q3 26 and €876m in 9M 26 (€230m in Q3 25 and €730m in 9M 25).

Free cash flow for dividend reached €736m in Q3 26 and €1,086m in 9M 26 (€88m in Q3 25 and €1,044m in 9M 25).

Free cash flow from discontinued operations: -€81m in Q3 26, -€618m in 9M 26 (€8m in Q3 25, -€842m in 9M 25), included Chile, Colombia and Mexico FCF.

Total free cash flow amounted to €654m in Q3 26 and €469m in 9M 26 (€96m in Q3 25 and €202m in 9M 25).

Funding and financing

Net financial debt decreased by €92m in Q3 26 to €25,186m as of Sep-26, due to positive free cash flow generation of €654m (including spectrum payments). Factors that increased net debt were shareholder remuneration of €229m, net financial investments of €149m and other net factors of €184m.

In 9M 26, net financial debt decreased by €1,638m, due to positive free cash flow generation of €371m (including spectrum payments) and net financial divestments of €2,465m (mainly T. Colombia and T. Chile sales). Factors that increased net debt were shareholder remuneration of €1,119m and other net factors of €79m.

Lease liabilities amounted €8,252m as of Sep-26, +4.2% in 9M 26, mainly due to higher ROU additions than principal payments, partially offset by sales in Hispam. Net financial debt including lease liabilities amounted to €33,438m.

Financing activities:

As of Sep-26, Telefónica Group raised long term financing by €4,454m and VMO2 raised 2,386m equivalent.

Telefónica financing activity has allowed to maintain a solid liquidity position of €17,529m, including €10,274m of available and committed credit facilities, of which €9,973m have a maturity beyond 12 months. As of Sep-26, the average debt life stood at 11.2 years.

Telefónica and its holding companies continued their issuance activity under the Commercial Paper Programmes (Domestic and European), maintaining an outstanding notional balance of €1,211m as of Sep-26.

Adjusted/Constant. The reconciliation between real, adjusted, and constant figures is included in the Selected Financial data published for the period

Sustainability performance

Telefónica embeds sustainability to boost competitiveness and resilience.

"E" Environmental: Powering the green transition for a better future

- **Decarbonising while transforming the business:** >1m tCO_2e avoided since 2019 through sustainable finance projects driving network transformation and renewable energy (Spain, Brazil and Germany).
- **Strengthening circular asset management:** Launched in Spain new customer premises equipment WiFi 7 amplifier and Fiber to the Room home fibre extender, with 70% recycled content, energy-efficiency criteria, durable materials and FSC-certified 100% recycled packaging.

"S" Social: Powering a more digital and inclusive society that supports greater wellbeing

- **Connecting at critical moments:** In response to summer wildfires, we mobilised >200 specialist technicians and deployed emergency resources to restore connectivity across 236 communities in Spain, while in the UK we provided 100 satellite-ready phones to help firefighters stay connected in remote areas.
- **Unlocking digital education opportunities:** During its first ten years, ProFuturo helped >5.7m children across >45 countries access education through technology, supported by Fundación Telefónica and Fundación "la Caixa".

"G" Governance: Powering trust in a digital world

- **Improving supply chain resilience:** 1k ESG on-site supplier audits reaching >1m supply chain workers through a decade of industry collaboration in JAC, a 32-member telco industry alliance of which Telefónica has belonged to for 10 years and is now leading as Chair of the association.
- **Fostering a trusted company:** >57k employees completed Responsible Business Principles training via e-learning platform (Sep-26), reinforcing awareness of our Code of Ethics and Conduct.

Telefónica continued to lead in international ratings and rankings and achieved a record ISS B+ rating in October, up 3.7 points y-o-y, while attaining A+ in Environmental Management and A in Eco-Efficiency.

TELEFÓNICA ESPAÑA

(y-o-y changes in constant terms)

40% of total Telefónica 9M 26 constant revenue	**40%** of total Telefónica 9M 26 constant adjusted EBITDA

Key messages

- Sequential improvement in commercial activity is driving further growth in accesses
- Continued growth in services and customers within the B2C ecosystem and B2B digital services
- Accelerated growth in adjusted EBITDA, driven by the increased savings of the restructuring programme

Telefónica España's results for Q3 26 reflect a solid operational performance underpinned by a high-quality and flexible offering, which resulted in robust growth in revenue, profitability and operating cash flow, in line with or exceeding the figures recorded in the first half of the year.

The company remains at the forefront of competitiveness and quality, with substantial improvements to the O2 portfolio in August (new tariffs and greater access to Movistar Plus, Disney+ and devices) and within the digital ecosystem (new alarm products, eSIM Flag and the FIFA World Cup). At the same time, Telefónica is strengthening its European position through new partnerships, such as the one established with NOS to develop advanced solutions for Defence and Security, and with Deutsche Telekom, Orange and Vodafone to explore options for satellite spectrum and Direct-to-Device services.

At the same time, the company's transformation around **ESG** continues with more than 50 original Movistar Plus productions now having sustainability plans in place to move towards the goal of zero emissions across our value chain. Furthermore, T. España remains committed to protecting its customers having blocked more than 237m fraudulent calls over the last 18 months.

Operational performance

Total **accesses** rose by 1% y-o-y, excluding IoT, which doubled y-o-y, driven by the roll-out of beacons by the end of 2025. The main retail accesses continued to grow y-o-y: FBB +2.2%, with 46k net adds in Q3, mobile contract +2.5% (+134k), and TV +5.9% (+26k). Fibre uptake stands at 31%.

Convergent customers grew by 1.3% y-o-y, adding 20k in Q3. The quality of the offering, service excellence and rational positioning led to a reduction in churn (0.7%, -0.1 p.p. y-o-y), whilst ARPU has accelerated its growth to 1.2% y-o-y, reaching €90.4, a market differential figure, driven by the effective management of football customers between the end and start of the season.

Financial performance

Revenue in Q3 26 grew by 2.6% y-o-y (+2.9% in Q2) thanks to a 2.6% increase in **service revenue** (+2.9% in Q2) and a 1.4% increase in **handset sales** (+3.2 % in Q2). In 9M 26, revenue grew by 2.5% y-o-y, its strongest growth in over 15 years.

Retail revenue grew by 4.1% y-o-y, supported by a larger customer base, price adjustments and the sale of B2B digital services, although growth slowed compared with Q2 26 (-0.9 p.p.) due to the strong growth of these services in Q2 26. Wholesale and Other revenue fell by 4.5% y-o-y, with the rate of decline narrowing by 3.4 p.p. compared with Q2 26, due to the favourable performance of 'Other revenue', which is non-linear and mitigates the effect of the long-term renewal of wholesale network contracts.

Adjusted EBITDA accelerated its growth to 2.6% y-o-y in Q3 26 (+0.4 p.p. vs Q2) and a margin of 36.2%, supported by revenue and efficiency gains, particularly those associated with the restructuring plan. **Adjusted EBITDAaL** rose by 2.5% y-o-y (margin of 31.2%) due to higher lease payments.

Adjusted OpCFaL for 9M 26 rose by 2.9%, with the cash margin standing at 19.5%, thanks to the growth in EBITDAaL and moderate growth in CapEx (+1.5% y-o-y; 11% of revenue) focused on continuing to expand the high performance of our differentiated networks (XGS-PON and 5G+).

TELEFÓNICA BRASIL

(y-o-y changes in constant terms)

31% of total Telefónica 9M 26 constant revenue

38% of total Telefónica 9M 26 constant adjusted EBITDA

Key Messages

- Accelerating value growth: highest contract net adds (0.9m) in 11 quarters (since Q4 23)
- Differential value proposition continues to support ARPU and low churn (contract mobile and FTTH)
- Acceleration in adjusted OpCFaL to +21.5% y-o-y in Q326 (+30.6% in €; strong EBITDA and less CapEx intensity)

Operating performance

Vivo has reinforced its **connectivity leadership in Brazil**, standing out as a global benchmark in mobile and fixed network performance. According to *Opensignal's* 2026 report, leads large-territory markets worldwide with an average 5G download speed (324 Mbps). Furthermore, Vivo Fibra ranked 1st in four broadband internet performance categories in *nPerf's worldwide survey* among large countries.

Vivo partnered with Palo Alto Networks to launch a new Agentic Security Operations Center, reinforcing its position as a leading provider of integrated digital solutions for enterprise customers. The platform embeds AI agents directly into threat prevention, detection, and response workflows to significantly accelerate incident identification and remediation.

Vivo reached an agreement with Starlink Mobile to become the first mobile operator in Brazil to offer uninterrupted service covering nearly 100% of the country. This strategic partnership lays the groundwork for service expansion and the consolidation of the value proposition, expanding connectivity without compromising profitability.

In **mobile**, contract accesses maintained their growth (+6% y-o-y) with quarterly net adds accelerating to +0.9m (9M 26: +2.5m) on migrations towards higher-value plans as sustained customer additions. Contract churn decreased to 1.0% (historically low levels, -0.1 y-o-y). Mobile ARPU increased (+3.3% vs Q3 25) due to better quality mix, and the improvement in contract and prepaid. 5G coverage improved, being live in 1,012 municipalities and 29m of accesses using 5G in their daily routines.

In **fixed**, FTTH PPs reached 32.4m as of September (+1.9m y-o-y) with 8.4m connected (+10.8% y-o-y) supported by customer preference for quality and convergence. FTTH take-up increased to 26% (+1.0 p.p. y-o-y).

Vivo Total (joint FTTH + mobile) totalled 4.0m clients (+28% y-o-y) with a customer ARPU of €39 in 9M 26 (+8.2% y-o-y).

In **sustainability,** Vivo updated its Climate Action Plan, transitioning toward a low-carbon economy. The Co. also brought together experts at the *Encontro Futuro Vivo 2026*, an event that discussed the challenges of building a more sustainable future and reached 62m views. In addition, we were recognized among Brazil's Best Companies to Work For according to *Great Place to Work (GPTW).*

Financial performance

Revenue continued to grow above inflation in Q3 26 y-o-y, similar y-o-y trends vs previous quarters (+7.2%; 9M 26 +7.4%), mainly driven by sustained performance of mobile. Also, they accelerated in euro terms (+15.4%; 9M +13.5%). In the mobile business, MSR grew +7.4% y-o-y (9M +6.9%) supported by strong contract evolution. Fixed business grew +2.7% y-o-y (9M +4.6%). New digital businesses up 17.4% y-o-y in LTM mainly driven by OTT services in B2C and Cloud and Digital Solutions in B2B), representing 12.5% of total revenue in LTM.

Adjusted EBITDA increased by +9.7% y-o-y in Q3 26 (9M +9.9%; in euro terms Q3 +18.0% and 9M +16.2%) thanks to service revenue growth, and efficiencies (mainly in network). Adjusted EBITDA was positively impacted by €61m (9M 26 €109m) benefits from the sale of concession related assets.

CapEx increased 4.1% vs 9M 25 mainly allocated to 5G and fiber, with CapEx/Revenue ratio at 15.2% (-0.5 p.p. y-o-y).

Adjusted OpCFaL increased by +16.2% y-o-y in 9M 26 (+22.8% in euro terms) thanks to adj. EBITDAaL (+10.6%; +16.9% in euros) and despite higher CapEx intensity. The adjusted **OpCFaL margin** stands at 19.6% in 9M 26 (+1.5 p.p. y-o-y).

TELEFÓNICA DEUTSCHLAND

(y-o-y changes in constant terms)

23%	of total Telefónica 9M 26 constant revenue
20%	of total Telefónica 9M 26 constant adjusted EBITDA

Key messages

- O_2 Mobile Plus bundles promote strategy shift to value first; setting foundation for sustainable future growth
- Service revenue trends visibly improve mainly on easing of MSR headwinds in B2P
- Voluntary leaver program successfully executed, now addressing next steps of transformation for 2027/28

Operating performance

Telefónica Deutschland's strategic shift to value-over-volume lays the foundation for sustainable future growth while maintaining its mobile market share in a mature environment. The O_2 Mobile Plus bundles promote the value approach with a minimum bundle price of €30 while being designed to address household needs.

Telefónica Deutschland is making progress on its operational and strategic reorganisation to address changing market conditions and reduce complexity within the company. The voluntary leaver programme was well accepted and successfully executed. Now, Telefónica Deutschland is addressing further rightsizing of its customer service organization and retail footprint for 2027/28. In this context, T. DE has recently entered into an agreement with the leading digital services provider TP, who will take over the company's call center sites in Bremen and Rostock at the turn of the year.

Telefónica Deutschland's **ESG** commitments remain uncompromised, including its target of net-zero emissions by 2040. The company achieved an EcoVadis Gold rating with 82/100 points, including top industry rankings in Environment (top 1%), Sustainable Procurement (top 3%) and Ethics (top 5%).

Mobile contract posted +49k quarterly net adds (Q2: +30k). O_2 contract churn remained at a low level of 1.1% (up 0.1 p.p. y-o-y). **O_2 contract ARPU** (Q3: -3.1% y-o-y) decline stabilised q-o-q (Q2: -3.2%) while the shift to value-over-volume takes time to feed through the base. Overall, mobile contract base (ex. 3rd party MNO-accesses) was 18.1m, +2% y-o-y.

Mobile prepaid turned positive with +12k net adds (Q2: -11k) despite unchanged prepaid dynamics in the market.

Fixed broadband posted the fifth consecutive quarter of positive net adds (+13k) (Q2: +14K) driven by customer demand for cable and fibre offers. Fixed ARPU was up +1.8% y-o-y (Q2: +3.5%) and fixed churn was 1.1% (Q2: 1.0%).

IoT continued its growth path with +204k net adds (Q2: +134k) driven by its leading position in smart metering and rollout momentum, alongside growth from emerging technologies such as 5G RedCap.

UGG is active in 8 federal states ("Länder"). As of Sep-26, UGG has deployed 0.8m PPs. The focus is now on driving connections and completing IFG integration.

Financial performance

Revenue decline visibly narrowed to -2.9% y-o-y in Q3 (9M: -7.6%) mainly on easing of the temporary headwinds in B2P (mostly behind by now). In addition, handset sales returned to growth (+2.5%, 9M: -13.7%) with focus on profitability. Continued healthy consumer demand for O_2 myHandy added to resuming of sales in wholesale channels due to good availability of devices. Fixed revenue remained growing, +5.7% y-o-y (9M: +5.5%) mainly on improved value-mix.

Adjusted EBITDA declined -9.9% y-o-y in Q3 (Q2: -7.2%) as included some non-recurrent effects. While temporary B2P headwinds started to ease, cost lines were impacted by higher marketing expenses and roaming costs. Also, a less favorable revenue mix and the inherently non-linear phasing of efficiency measures with tough comps vs Q3 25 weighed. Consequently, adjusted EBITDA **margin** was down -2.3 p.p. y-o-y, reaching 29.8% in Q3.

CapEx was down -13.0% vs 9M 25 with a CapEx/Revenue of 10.3%. Network roll-out pace remained high with ~7k (+25% y-o-y) expansion measures executed within the usual back-end loaded investment profile.

As a result, **adjusted OpCFaL** was down -15.1% y-o-y in 9M, with a **margin** of 10.0% (-0.9 p.p. y-o-y).

JOINT VENTURE, VMO2

(100% of VMO2; y-o-y changes in constant terms)

Key messages

- VMO2 sets out new strategic direction, with transformation programme targeting annualised run-rate cost savings of c.£0.8bn by 2029, including c.£0.4bn in 2027 and c.£0.6bn in 2028
- Q3 fixed and mobile net adds improved q-o-q in a challenging market
- FY 26 guidance for service revenue, adjusted EBITDA, FCF reaffirmed, with YTD performance on track

Operating performance

VMO2 outlined the direction of its upcoming strategic plan and cost reduction measures to create a simpler company, with prioritised investment to improve customer experience, commercial performance and cash generation, alongside a commitment to reducing leverage. In addition, the plan includes capex optimisation, with the fibre upgrade programme halted beyond existing commitments and a low-cost upgrade bringing 2Gbps speeds to the majority of the HFC network in 2027.

Restructuring costs of c.£250m are expected, with payback within one year. Of the c.£0.8bn savings by 2029, c.£300m will come from a reduction in the size of the workforce.

VMO2 combined its Commercial and Data and Operations into a new single Consumer unit led by Lyssa McGowan to enhance customer experiences, simplify decision making and move faster in a highly competitive market.

Along customer service transformation (simplifying systems and processes, upskilling frontline teams and removing persistent pain points for customers), VMO2 launched a new AI voice agent, to handle selected broadband fault queries.

The fixed network footprint reached 18.8m UBB premises passed. **Nexfibre** (InfraVia Capital Partners 50%, Telefónica Infra 25% and Liberty Global 25%) announced its agreement to acquire Netomnia (18-Feb-26) and continues to engage constructively with the CMA as it progresses towards final approval of the Netomnia transaction.

On its **Responsible Business Plan,** VMO2 launched the £3m Tech Rehome Network to support local technology reuse organisations, promoting digital inclusion and device circularity; joining the *Media In Service of Nature* movement to support biodiversity and climate resilience; and renewing its partnership with *Good Things Foundation* (connect >500k people through free O2 mobile data).

Mobile pop. coverage reached 86% for 5G standalone. Contract net adds (ex. adjustments to accesses in Sep-26 with no impact on revenue) was -27k, but improved q-o-q and y-o-y (Q2 26: -63k; Q3 25 -36k). Consumer mobile contract ARPU improved to +2.0% y-o-y in Q3 26 reflecting the continued focus on value management.

Wholesale base reached 10.5m as of Sep-26 (10.2m a year ago) partially hedging the decline in consumer accesses.

Fixed broadband net adds posted similar trends (Q3: -29k, Q2: -31k; Q3 25: -26k) still affected by challenging market. Consumer fixed ARPU -5.0% y-o-y reflecting competitive intensity in the market and phasing of annual price rises.

Financial performance

Revenue declined -5.7% y-o-y in Q3 (9M -6.7%), mainly due to reduced nexfibre build activity. Service revenue -3.5% y-o-y (9M -3.5%) on Consumer and Business, partially offset by higher Wholesale service revenue. Consumer revenue (Q3: -5.2% y-o-y) reflected lower accesses and consumer fixed ARPU pressure (targeted retention activity in a highly competitive market). B2B revenue (Q3-3.7% y-o-y) primarily driven by the planned streamlining of the B2B portfolio and market headwinds. Wholesale & others revenue -10.7% vs Q3 25 due to the reduction in low-margin nexfibre construction activity by the Wholesale service revenue (+1.8%) supported by ongoing MVNO momentum.

Q3 26 **adjusted EBITDA** -2.6% y-o-y (9M 26 -3.0%), at the top-end of the guidance range despite continued competitive intensity in the consumer fixed market. Adjusted EBITDA **margin** (41.0%) +1.3 p.p. vs Q3 25 (9M +39.8%, +1.5 p.p. y-o-y).

CapEx decreased by -5.3% vs 9M 25, with a CapEx/Revenue ratio of 21% (+0.3 p.p. y-o-y). Q3 26 spectrum licence additions were €12m, including the previously announced €403m consideration for 78.8MHz of spectrum.

As a result, **adjusted OpCFaL** decreased by 2.5% y-o-y in 9M 26 and **margin over revenue** increased 0.7 p.p. to 16.4%.

APPENDIX

Selected consolidated financial statements

TELEFÓNICA CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)	9M 26	9M 25	y-o-y % Chg	Constant y-o-y %	Q3 26	Q3 25	y-o-y % Chg	Constant y-o-y %
Revenue	24,825	24,157	2.8	1.0	8,433	8,044	4.8	2.2
Other income	1,091	1,026	6.4	11.7	493	385	28.3	17.7
Operating expenses	(17,206)	(16,625)	3.5	0.8	(5,729)	(5,467)	4.8	3.0
Impairments & losses on disposal of assets	(21)	(272)	(92.1)	(18.7)	(12)	(265)	(95.6)	(39.2)
EBITDA (1)	8,689	8,286	4.9		3,186	2,697	18.2	
Depreciation and amortisation	(5,204)	(5,150)	1.0		(1,708)	(1,737)	(1.7)	
Operating income (OI)	3,485	3,136	11.1		1,479	960	54.1	
Share of profit (loss) of investments accounted for by the equity method	(283)	(274)	3.2		(40)	25	c.s.	
Net financial income (expense)	(1,104)	(1,016)	8.7		(173)	(402)	(57.1)	
Profit before taxes	2,098	1,846	13.6		1,265	582	117.3	
Corporate income tax	(512)	(541)	(5.3)		(295)	(155)	90.3	
Profit for the period from continuing operations	1,585	1,305	21.5		971	428	127.1	
Profit for the period from discontinued operations	(879)	(2,254)	(61.0)		(58)	(90)	(36.0)	
Profit for the period	707	(949)	c.s.		913	337	170.7	
Attributable to equity holders of the Parent:	464	(1,080)	c.s.		802	276	191.1	
From continuing operations	1,333	1,097	21.6		860	342	151.3	
From discontinued operations	(870)	(2,176)	(60.0)		(58)	(67)	(13.3)	
Attributable to non-controlling interests:	243	131	85.8		111	62	79.6	
From continuing operations	252	208	20.9		111	85	30.0	
From discontinued operations	(9)	(78)	(88.2)		—	(24)	—	
Adj. EBITDA	8,846	8,456	4.6	2.5	3,078	2,899	6.2	2.8
Adj. EBITDA margin	35.6%	35.0%	0.6 p.p.	0.5 p.p.	36.5%	36.0%	0.5 p.p.	0.2 p.p.
Weighted average number of ordinary shares outstanding during the period (millions)	5,627	5,638	(0.2)		5,627	5,637	(0.2)	
Basic earnings per share attributable to equity holders of the Parent (€):	0.04	(0.23)	c.s.		0.13	0.04	254.4	
From continuing operations (€)	0.19	0.16	21.3		0.14	0.05	189.6	
From discontinued operations (€)	(0.15)	(0.39)	(60.0)		(0.01)	(0.01)	(13.1)	
Adj. Basic earnings per share attributable to equity holders of the Parent from continuing operations (€)	0.25	0.29	(15.7)		0.10	0.10	(0.5)	

- The weighted average number of ordinary shares outstanding during the period has been obtained applying the IAS rule 33 "Earnings per share". Thereby, the weighted average of shares held as treasury stock have not been taken into account as outstanding shares.
- Basic earnings per share ratio is calculated dividing Profit for the period Attributable to equity holders of the Parent, adjusted for the net coupon corresponding to "Other equity instruments" (-€246m in 9M 26 and -€198m in 9M 25), by the weighted average number of ordinary shares outstanding during the period.
- Group consolidated results deconsolidate Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at September 30, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).
- Adjusted/Constant. The reconciliation between real, adjusted, and constant figures is included in the Selected Financial data published for the period.
(1) 9M 26 EBITDA included €264m of restructuring costs in Germany and €107m capital gain related with the sale of Gran Via. 9M 25 EBITDA included €95m capital gain related with the sale of 20% stake in Nabiax (data centre business), €83m of restructuring costs mainly in Other Co. & Eliminations, a €65m positive impact from Millicom litigation resolution regarding the sale of Costa Rica and €247m non-cash goodwill impairment in Telefónica Tech (both in Other Companies & Eliminations).

TELEFÓNICA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited figures (Euros in millions)	Sep 26	Dec 25	% Chg
Non-current assets	69,315	70,012	(1.0)
Intangible assets	8,747	9,112	(4.0)
Goodwill	16,561	15,796	4.8
Property, plant and equipment	17,519	18,158	(3.5)
Rights of Use	8,087	7,441	8.7
Investments accounted for by the equity method	6,665	6,753	(1.3)
Financial assets and other non-current assets	6,705	6,740	(0.5)
Deferred tax assets	5,031	6,012	(16.3)
Current assets	20,219	22,005	(8.1)
Inventories	976	862	13.2
Receivables and other current assets	9,529	9,662	(1.4)
Tax receivables	1,724	867	98.9
Other current financial assets	1,885	870	116.7
Cash and cash equivalents	5,377	6,564	(18.1)
Non-current assets and disposal groups held for sale	729	3,180	(77.1)
Total Assets = Total Equity and Liabilities	89,534	92,017	(2.7)
Equity	19,143	17,808	7.5
Equity attributable to equity holders of the parent and other holders of equity instruments	15,433	14,258	8.2
Equity attributable to non-controlling interests	3,710	3,550	4.5
Non-current liabilities	47,365	49,372	(4.1)
Non-current financial liabilities	28,366	30,120	(5.8)
Non-current lease liabilities	6,211	5,644	10.0
Payables and other non-current liabilities	4,399	3,912	12.4
Deferred tax liabilities	2,133	2,518	(15.3)
Non-current provisions	6,256	7,178	(12.8)
Current liabilities	23,027	24,837	(7.3)
Current financial liabilities	5,931	4,219	40.6
Current lease liabilities	1,973	1,938	1.8
Payables and other current liabilities	11,615	12,942	(10.3)
Current tax payables	760	950	(20.1)
Current provisions	2,233	1,899	17.6
Liabilities associated with non-current assets and disposal groups held for sale	516	2,889	(82.2)

- The consolidated statement of financial position includes a negative value of the derivatives portfolio for a net amount of €1,002m, €3,384m included as financial liabilities and €2,382m included as financial assets.

- Group consolidated results deconsolidate Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at September 30, 2026 (sale signed on April 7, 2026).

TELEFÓNICA CONSOLIDATED CASH FLOW STATEMENT

Unaudited figures (Euros in millions)	9M 26	9M 25	y-o-y % Chg
Cash received from operations	30,148	29,472	
Cash paid from operations	(23,025)	(21,634)	
Net payments of interest and other financial expenses net of dividends received	(982)	(1,028)	
Taxes proceeds/(paid)	(11)	(354)	
Net cash flow provided by operating activities from continuing operations	6,130	6,456	(5.1)
Net cash flow provided by operating activities from discontinued operations	(464)	(108)	n.s.
Net cash flow provided by operating activities	5,666	6,348	(10.7)
(Payments)/proceeds on investments in property, plant and equipment and intangible assets, net	(3,164)	(3,692)	
Proceeds on disposals/ (payments on investments) in companies, net of cash and cash equivalents disposed	(6)	570	
Proceeds/(payments) on financial investments not included under cash equivalents	(332)	(553)	
Net proceeds/(Payments) for temporary financial investments	(319)	(887)	
Net cash flow used in investing activities from continuing operations	(3,821)	(4,562)	(16.2)
Net cash flow used in investing activities from discontinued operations	(65)	(573)	(88.7)
Net cash flow used in investing activities	(3,886)	(5,135)	(24.3)
Dividends paid	(1,055)	(1,039)	
Proceeds/(payments) from share capital increase/(decrease) with minorities interest	(141)	(183)	
Proceeds/(payments) of treasury shares and other operations with shareholders and with minority interests	(32)	(289)	
Operations with other equity holders (1)	(360)	(305)	
Proceeds on issue of debentures and bonds, loans, borrowing and promissory notes, and other debts	2,680	2,198	
Repayments of debentures and bonds, and other debts and repayments of loans, borrowings and promissory notes	(2,422)	(3,433)	
Lease Principal Payments	(1,480)	(1,385)	
Financed operating payments and investments in property, plant and equipment and intangible assets payments	(216)	(37)	
Net cash used in financing activities from continuing operations	(3,026)	(4,473)	(32.3)
Net cash used in financing activities from discontinued operations	(57)	(408)	(86.0)
Net cash used in financing activities	(3,083)	(4,881)	(36.8)
Effect of changes in exchange rates, cash reclassified to assets held for sale, effect of changes in consolidation methods and others	116	(139)	
Net increase (decrease) in cash and cash equivalents during the year	(1,187)	(3,807)	(68.8)
Cash and cash equivalents at the beginning of the period	6,564	8,062	
Cash and cash equivalents at the end of the period	5,377	4,255	

(1) Includes issuance and coupons of undated deeply subordinated securities.
- Group consolidated results deconsolidate Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at September 30, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

Alternative performance measures

The Group's management utilises a range of Alternative Performance Measures (APMs) alongside those expressly defined in the IFRS to gain additional insights into the Group's performance, solvency, and liquidity. However, it's important to note that these measures should not be viewed in isolation or as substitutes for IFRS measures.

Group consolidated results include the deconsolidation of Telefónica Colombia since February 5, 2026 and Telefónica Móviles Chile since February 10, 2026. Telefónica Mexico's assets and liabilities have been reclassified as held for sale in the consolidated statement of financial position at September 30, 2026 (sale signed on April 7, 2026). In compliance with IFRS, all these companies have been reported as discontinued operations within the Telefónica Group since January 1, 2026 (and 2025 revised accordingly).

EBITDA and EBITDAaL (from continuing operations)

Earnings before depreciation and amortisation (EBITDA) is calculated by excluding solely depreciation and amortisation from Operating Income. EBITDAaL is calculated deducting amortization of rights of use and interest of lease liabilities from EBITDA. EBITDA and EBITDAaL are used to track the performance of the business and to establish operating and strategic targets of Telefónica Group companies. EBITDA and EBITDAaL are commonly reported measures and are widely used among analysts, investors, and other interested parties in the telecommunications industry, although not defined in IFRS, and therefore, may not be comparable to similar indicators used by other companies. EBITDA and EBITDAaL should not be considered as a substitute for Operating Income.

OpCFaL (from continuing operations)

OpCFaL is defined as EBITDAaL reduced by accrued capital expenditures excluding those related to spectrum acquisitions.

We believe that it is important to consider capital expenditures excluding spectrum acquisitions, together with EBITDAaL in order to have a more complete measure of the performance of our telecommunications businesses. We use these measures internally to track the performance of our business, to establish operating and strategic targets of the Group's businesses and in our internal budgeting process.

OpCFaL is not a measure expressly defined in IFRS, and therefore may not be comparable to similar indicators used by other companies. In addition, OpCFaL should not be considered a substitute for Operating Income, the most comparable financial measure calculated in accordance with IFRS, or any measure of liquidity calculated in accordance with IFRS.

Adjusted EBITDA, Adjusted EBITDAaL, Adjusted OpCFaL (from continuing operations)

"Adjusted" result or results in "adjusted" terms intend to present a result adjusted by certain factors which distort the analysis of the business performance, but without adjusting for exchange rates or hyperinflation. The adjusted result is calculated for EBITDA, EBITDAaL and OpCFaL. The "adjusted" result provides useful information for the company and market agents because:

- It provides additional information on the adjusted performance of the Group's operations, removing the distorting effects of certain factors, as they are specific to a certain moment and not associated with the ordinary performance of the business, facilitating the adjusted analysis of the business.
- The inclusion of the business adjusted performance is used both internally and by the various agents in the market to consistently monitor trends and operating performance of the business; this data also facilitates the relation between the business performance of Telefónica and that of other operators, although the term "adjusted" is not a term defined in IFRS, and the "adjusted" measures included herein may not be comparable to similar measures presented by other companies.

For the purposes of this document, adjusted EBITDA, adjusted EBITDAaL and adjusted OpCFaL are defined as the EBITDA, EBITDAaL and OpCFaL adjusted by the following factors: restructuring costs, significant capital gains/losses from the sale of companies, goodwill impairment charges and material non-ordinary impacts.

Furthermore, the Group uses the EBITDA margin measure, which is the result of dividing adjusted EBITDA by revenue, and OpCFaL margin, obtained by dividing adjusted OpCFaL by revenue and serving as a measure of operating leverage.

Constant variations

Y-o-y changes referred to in this document as "constant" or presented "in constant terms" intend to present a homogeneous comparison by applying adjustments which are described herein.

Constant variations are used both internally and by the various agents in the market to conduct consistent monitoring of trends and of the operating performance of the business. Although the term "constant" is not a term defined in IFRS, and the "constant" measures included herein may not be comparable to similar measures presented by other companies.

For the purposes of this document, "constant" variation 2026/2025 is defined as the reported variation adjusted by the following factors:

- Considers a constant perimeter of consolidation and discontinued operations are excluded.
- Does not include restructuring costs, significant capital gains/losses from the sale of companies, goodwill impairment charges and material non-ordinary impacts. CapEx also excludes investment in spectrum.
- Assumes average constant foreign exchange rates of 2025. The reported variation of the companies of countries with hyperinflationary economies (Venezuela) is excluded.

Debt indicators

a. Net financial debt, Net financial debt plus leases and Net financial debt plus commitments

As per the Group calculation, net financial debt includes: i) current and non-current financial liabilities in our consolidated statement of financial position (which includes the negative mark-to-market value of derivatives), ii) other payables included in “Payables and other non-current liabilities”, “Payables and other current liabilities” and “Current tax payables” (mainly corresponding to payables for deferred payment of radio spectrum that have an explicit financial component and the supplier financing for the customer financing of terminal sales) and (iii) financial liabilities included in “Liabilities associated with non-current assets classified as held for sale”.

From these liabilities, the following are subtracted: i) cash and cash equivalents, ii) current financial assets (which include short-term derivatives), iii) the positive mark-to-market value of derivatives with a maturity beyond one year, iv) other interest-bearing assets (components of “Receivables and other current assets”, “Tax receivables” and “Financial assets and other non-current assets” in the consolidated statement of financial position), v) cash and other current financial assets included in “Non-current assets classified as held for sale”, vi) mark-to-market adjustment by cash flow hedging activities related to debt, and vii) fair value of derivatives adjustment used for the economic hedging of gross commitments related to employee benefits. In "Receivables and other current assets" we include the customer financing of terminal sales classified as short term, and "Financial assets and other non-current assets" includes derivatives, instalments for the long-term sales of terminals to customers and other long-term financial assets.

Net financial debt plus commitments is calculated by adding gross commitments related to employee benefits to net financial debt and the fair value of the derivatives used for the economic hedging of such commitments to net financial debt and deducting the value of long-term assets associated with those commitments and the tax benefits arising from the future payments of those commitments. Gross commitments related to employee benefits are current and non-current provisions recorded for certain employee benefits such as termination plans, post-employment defined benefit plans and other benefits.

Net financial debt, net financial debt plus leases and net financial debt plus commitments are meaningful for investors and analysts because they provide an analysis of Group solvency using the same measures used by Group management. They are used to calculate internally certain solvency and leverage ratios. Nevertheless, none of them should be considered as a substitute for gross financial debt as presented in the consolidated statement of financial position.

b. Leverage ratio

The leverage ratio is calculated as the ratio of net financial debt over adjusted EBITDAaL for the past 12 months, including or excluding the adjusted EBITDAaL of the companies which are incorporated or removed from the perimeter of consolidation.

Free Cash Flow from continuing operations

The Group's free cash flow is calculated starting from "Net cash flow provided by operating activities from continuing operations" as indicated in the consolidated statement of cash flows; deducting (payments)/proceeds on investments in property, plant and equipment and intangible assets (excluding spectrum payments), dividends paid to minority interests and lease principal payments.

We exclude dividends stemming from free cash flow generated by the UK JV, as well as any potential recapitalisations which are decided annually based on market conditions. We also exclude employee commitments. Additionally, hybrid coupon payments are incorporated for a clearer view of available recurrent cash generation.

We believe that free cash flow is a guidance measure for investors and analysts because it provides a clearer view of our recurring operational cash generation and long-term FCF trajectory.

Free Cash Flow for dividend

The Group's free cash flow for dividend is calculated starting from "Free Cash Flow from continuing operations"; deducting employee commitments and including dividends stemming from free cash flow generated by the UK JV, excluding potential recapitalisations which are decided annually based on market conditions, and any other potential cash available for distribution.

We believe that free cash flow for dividend is a meaningful measure for investors and analysts because it provides an analysis of the cash flow available to protect solvency levels and to remunerate the parent company's shareholders. The same measure is used internally by Group management. Nevertheless, free cash flow should not be considered as a substitute for the various flows of cash as presented in the consolidated statements of cash flows.

Adjusted Net Income and adjusted EPS (from continuing operations)

Adjusted Net income and adjusted EPS are defined as the reported Net Income and EPS as adjusted by the following factors:

- Restructuring costs, significant capital gains/losses from the sale of companies, goodwill impairment charges and material non-ordinary impacts, in line with the adjusted EBITDA calculation.
- Amortisation of intangible assets from purchase price allocation processes.
- The positive or negative impact in Share of Results of investments accounted for by the equity method of FX differences and changes in the fair values of VMO2's derivatives recorded in its financial results.

The Adjusted Net Income and adjusted EPS measures provide useful information for the company and market agents because:

- It provides additional information on the underlying performance of the Group's operations, removing the distorting effects of certain factors, as they are specific to a certain moment and not associated with the ordinary performance of the business, facilitating the underlying analysis of the business.
- The inclusion of the business underlying performance is used both internally and by the various agents in the market to consistently monitor trends and operating performance of the business; this data also facilitates the relation between the business performance of Telefónica and that of other operators, although the term "adjusted" is not a term defined in IFRS, and the "adjusted" measures included herein may not be comparable to similar measures presented by other companies.

The detailed calculation of the Group's EBITDA and EBITDAaL, the reconciliation between real and adjusted data, the constant variations, the reconciliation of the Group's gross financial debt, net financial debt and net financial debt plus leases, the reconciliation of the Group's leverage ratio, and the reconciliation of Group's net cash flow from operations and the Free cash flow can be found in Jan-Sep 2026 selected financial information.

Furthermore, the "Alternative measures not defined in IFRS" are detailed in the Note 2 of the condensed consolidated interim financial statements for the nine-months ended September 30, 2026.

A glossary of definitions can be found in Jan-Sep 2026 selected financial information.

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This document may contain forward-looking statements. These forward-looking statements may include financial and other forecasts and estimates, as well as statements regarding plans, objectives and expectations of the Telefónica Group. The forward-looking statements can be identified, in certain cases, through the use of words such as "will," "shall," "target," "expect," "aim," "hope," "anticipate," "should," "may," "might," "assume," "estimate," "plan," "risk," "intend," "believe" and similar language or other formulations of a similar meaning or, in each case, the negative formulations thereof. Other forward-looking statements can be identified in the context in which such statements are made or by the forward-looking nature of discussions of strategy, plans, objectives or intentions. These forward-looking statements include statements regarding our intent, belief or current expectations with respect to, among other things, the effect on our results of operations of competition in telecommunications markets; trends affecting our business, financial condition, results of operations or cash flows; ongoing or future acquisitions, investments or divestments; our capital expenditures plan; our estimated availability of funds; our ability to repay debt with estimated future cash flows; our shareholder remuneration policies; supervision and regulation of the telecommunications sectors where we have significant operations; our environmental, social and governance commitments and targets; our existing or future strategic partnerships or joint ventures; the potential for growth and competition in current and anticipated areas of our business; and the outcome of pending or future litigation or other legal proceedings and investigations.

Any such forward-looking statements reflect the current views of the Telefónica Group's management and may change over time. They do not intend to be exhaustive, and they have not been verified or audited by any third party. Telefónica's opinions and aspirations with respect to future events do not represent any guarantee of future fulfilment or profitability, and they are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such forward-looking statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by Telefónica with the relevant supervisory authorities of the securities markets in which its shares are listed and, in particular, the Spanish National Securities Market Commission ("CNMV").

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This document may contain summarised, non-audited or non-IFRS financial information. Such information is presented for supplemental informational purposes only and should not be considered a substitute for audited financial information presented in accordance with IFRS. The Company's non-IFRS financial measures may differ from similarly titled measures used by other companies. In addition, there are material limitations associated with the use of non-IFRS financial measures since they exclude significant expenses and income that are recorded in the Company's financial statements. Information related to any alternative performance measures (APMs) used in this document are included in the Appendix "Alternative performance measures", page 17 of this document. This document also contains sustainability information, that may include environmental, social and governance-related metrics, statements, goals, commitments and opinions. The sustainability information has been prepared with various materiality analyses, estimates, assumptions and data collection and verification practices and methodologies, both external and internal, which may differ from those used by other companies.

Moreover, the information contained herein should be considered only together with Telefónica's condensed consolidated interim financial statements and consolidated interim management report for the six-month period ended June 30, 2026, submitted to the CNMV, in Note 2, page 12 of the pdf filed. Recipients of this document are invited to read it. Neither this document nor any of their contents constitute an offer to purchase, sell or exchange any security, a solicitation of any offer to purchase, sell or exchange any security, or a recommendation or advice regarding any security, or a solicitation for any vote or approval in any other jurisdiction.

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Bloomberg ESG Score 98.9 percentile/ **#3 in sector**	CDP **Climate A List 2025**	**92 Percentile Telco Services Industry** Oct-2026	ISS ESG Corporate Rating **B+ Oct. 26**	Sustainalytics ESG **Top Quartile Telco Industry 2025**	Digital Inclusion Benchmark, Social Benchmark and Ranking Digital Rights **1st company worldwide 2026**

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