Telefónica earns 989 million euros up to September and confirms all its financial targets

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Free cash flow generation accelerated its growth and reached €1,030 million in the first nine months of 2024, 27.7% more compared to the same period of the previous year.

- The Group increased its number of accesses to 393 million thanks to the acceleration of commercial activity in its key markets, particularly in Spain, where it achieved its highest net customer additions in six years.

- Telefónica makes progress in infrastructure deployment and reaches 71% 5G coverage in its four core markets, meeting its target of exceeding 70% more than two years ahead of schedule.

- The company reiterates its 2024 guidance: revenue growth of around 1% and EBITDA and EBITDAaL-CapEx growth between 1% and 2%; a CapEx to revenue ratio of up to 13%; and an increase in free cash flow of more than 10%.

- The Group also confirms the dividend for 2024 of €0.30 per share, payable in two tranches of €0.15 each, to be paid next December and in June 2025.

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> Our GPS action plan is ambitious and continues to deliver results to move in the right direction and consolidate profitable growth. In the first nine months of the year, in a global context of uncertainties, Telefónica has obtained a net income of almost one billion euros and reiterates all its financial targets for the full year. In addition, we confirm our shareholder remuneration for 2024,

said Telefónica's Chairman, José María Álvarez-Pallete.

Madrid, 7 November 2024. Telefónica today presented its results for the first nine months of 2024, which were marked by the confirmation of the financial targets set for the year and by the achievement of a cumulative net income of €989 million. In adjusted terms, net income reached €1,914 million in the first nine months, up 16.8%.

These results allow Telefónica to reiterate all its financial targets for 2024. These targets consist of revenue growth of around 1%, EBITDA growth of between 1% and 2% and EBITDAaL-CapEx growth of between 1% and 2%, a CapEx to revenue ratio of up to 13% and an increase in free cash flow of more than 10%. Telefónica has also confirmed the shareholder remuneration for 2024, consisting of a cash dividend of €0.30 per share payable in two tranches: December 2024 (€0.15) and June 2025 (€0.15).

> Our GPS action plan is ambitious and continues to deliver results to move in the right direction and consolidate profitable growth. In the first nine months of the year, against a global backdrop of uncertainty, Telefónica posted a net income of almost €1 billion and reiterated all its financial targets for the full year. We also confirmed our shareholder remuneration for 2024. We continue to transform the networks with a strategic focus on quality and robustness, and we do so with a higher degree of customer satisfaction. The opportunities ahead are enormous and Telefónica will continue to effectively leverage its resources to drive growth at the service of our shareholders and customers,

said Telefónica Chairman José María Álvarez-Pallete.

The favourable commercial activity in all markets and the growth rates in local currency were affected in the third quarter results by the evolution of exchange rates, particularly the Brazilian real. Currency depreciation had a quarterly impact of €429 million on revenues and €159 million on operating income before depreciation and amortisation (EBITDA). Thanks to the hedging strategy implemented by the company, the effect of exchange rate movements on cash flow was limited to €25 million in the first nine months of the year.

Free cash flow was 4.2 times higher in the quarter than in the previous three months at €866 million, 89.5% more than in the third quarter of 2023. In the year to September, it reached €1,030 million, 27.7% more

year-on-year and therefore above the annual target of more than 10%.

As a result of the currency performance, revenues in the third quarter declined by 2.9% to €10,023 million, to reach a total of €30,418 million in the first nine months.

In addition, 60% of quarterly revenues came from the residential market (B2C); 21% from the business segment (B2B); and the remaining 19% from wholesale, partners, and other revenues.

Due to the impact of foreign exchange, EBITDA fell 2.5% in the quarter to €3,260 million. In the first nine months of the year, operating income before depreciation and amortisation amounted to €9,684 million, up 0.4%. The CapEx at the end of September was €3,642 million (-4.8%) and represents 12% of revenues, in line with annual forecasts. Operating cash flow (EBITDAaL-CapEx) was €1,253 million in the third quarter, in line with the same period of 2023, and reached €4,001 million in the first nine months, up 2.2%.

Growth and increased loyalty in Spain

By country, Telefónica España's EBITDA confirmed its return to growth, increasing by 1% in the third quarter to €1,155 million and by 0.6% in the first nine months to €3,387 million.

This performance took place in a context of accelerating growth in commercial activity, with the highest net customer additions in Spain in six years; higher customer satisfaction, with a Net Promote Score (NPS) of 34 points, 2 percentage points higher compared to June; and greater loyalty, with a churn rate of 0.8%, the lowest level in history. In addition, the average revenue per customer (ARPU) remained above €90.

In Germany, EBITDA grew 3% in the quarter to €694 million and 3.9% between January and September to €2,027 million. Customer loyalty in the German market also improved, with churn down to 1%.

In Brazil, EBITDA declined 5.9% in the quarter to €1,030 million, due to the impact of exchange rates, but in the first nine months it grew 2.2% to €3,066 million. In the UK, VMO2 has confirmed its financial targets for the full year, including a commitment to pay dividends to shareholders, and Hispam has maintained its strategy of reducing capital exposure in the region and continuing to operate more

efficiently and with lower costs.

Evolution of the main global units

Telefónica Tech reported revenues of €470 million in the third quarter, for a total of €1,453 million in the first nine months of the year, 9.5% more than in the same period of the previous year, in a context of sustainable growth and commercial dynamism reflected in a 40% increase in orders. Telefónica Infra, which continues to drive growth and accelerate digital inclusion through the efficient deployment of next-generation infrastructure, ended September with 24 million premises passed with fibre. Telxius, the submarine cable management company, reported year-on-year traffic growth of 12% in the first nine months and maintained its high profitability ratio (48.9%).

Favourable competitive positioning

Telefónica ended September with 393 million accesses, up 2%. Fibre and mobile contract customers continued to increase, with cumulative growth of 11% and 3%, respectively, compared to September 2023. These good commercial data are underpinned, among other factors, by the quality and strength of the company's networks. In terms of network rollout, Telefónica maintained its global leadership in fibre, so that the international footprint of ultrafast networks in September stood at 178 million premises (+4%), of which 81.6 million were FTTH (+13%). This figure includes a total of 24.1 million premises from the Group's various fibre vehicles (+19%). Also, at the end of September, 5G technology covered 90% of the population in Spain, 97% in Germany, 57% in Brazil and 68% in the UK. The cumulative deployment in the Group's four main markets reached 71% of the population, which is more than two years ahead of the target set in the GPS strategic plan to reach 70% by 2026.

During the third quarter of 2024, Telefónica has led a climate maturity assessment implemented via the Telco JAC (Joint Alliance for CSR) to address scope 3 (value chain) emissions. This includes tailored training for approximately 1,000 key suppliers. The company has also released the 'Connected Living' report, which details how connectivity has helped the company's customers in Brazil, Germany and Spain to avoid 69 million tonnes of CO_2 in 2023.

In the social area, Telefónica is advancing in diversity with 33.6% of women executives making solid progress towards the target of 37% by

2027. Additionally, during the quarter Telefónica has been included as a ‘FT Diversity Leader’ for the fifth consecutive year and has obtained a score of 81/100 in the latest EcoVadis assessment, placing the company in the 99th percentile of all companies rated (around 130,000). Finally, in terms of governance Telefónica has actively participated in developing the AI Office’s Code of Practice and has joined the EU AU Pact to drive trustworthy and safe AI development. In addition, last October Telefónica was awarded the top prize in Reporting and Transparency category of the 2024 Reuters Sustainability Awards.

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