



TELEFÓNICA, S.A. in compliance with the Securities Market legislation, hereby communicates the following

OTHER RELEVANT INFORMATION

Telefónica hereby informs that its subsidiaries, Telefônica Brasil S.A. and Telefónica Infra, S.L.U., have reached an agreement with Caisse de dépôt et placement du Québec ("CDPQ") for the construction, development and operation of a fiber (FTTH) network in Brazil, in mid-sized cities outside the State of Sao Paulo, through a joint venture entity, FiBrasil Infraestrutura e Fibra Ótica S.A. ("FiBrasil"). FiBrasil will operate as an independent open-access wholesale company.

In terms of the shareholding structure of FiBrasil, upon closing of the transaction, Telefónica Group and CDPQ will each hold 50% in FiBrasil under a co-control governance model. Telefónica Group's 50% participation will be held through Telefônica Brasil, S.A. and Telefónica Infra, S.L.U., each holding a stake of 25%.

Telefônica Brasil, S.A. will contribute approximately 1.6 million FTTH homes passed and will be the anchor tenant of FiBrasil.

The terms of the transaction encompass a total investment by CDPQ of up to R\$1.8 billion (approximately 267 million euros at the current exchange rate), comprising payments to both Telefônica Brasil, S.A. and FiBrasil, for a 50% stake in FiBrasil and also certain payments to be made by Telefónica Infra, S.L.U., in equivalent economic terms, for a 25% stake in FiBrasil. This renders an implied valuation of the brownfield assets contributed by Telefônica Brasil, S.A. of 16.5x OIBDA 2020 Pro-Forma.

CDPQ's capital contributions, in addition to the expected leverage to be raised by the joint venture, will provide a fully funded business plan to accomplish FiBrasil's deployment targets (to reach around 5.5 million FTTH homes passed in 4 years).

Among other conditions, the transaction is subject to obtaining the corresponding authorizations from the regulatory authorities.

Madrid, March 2, 2021

**SPANISH NATIONAL SECURITIES MARKET COMMISSION
- MADRID -**