

General Shareholders' Meeting approves annual accounts and gives green light to the Group's proposed profit distribution and dividend payment

Euskaltel Group shareholders support the company's management and the successful delivery of its strategic roadmap

- *Euskaltel Group shareholders have approved by a large majority last year's annual accounts, directors' report and other proposals on the agenda for the General Shareholders' Meeting held this morning at the Company's headquarters.*
- *The final 2020 dividend to be distributed to shareholders following approval at today's meeting is Euros 0.31 per share, leading to a dividend distribution of over Euros 55 million.*
- *During this second year since the new strategic roadmap was approved, Euskaltel has successfully met the targets announced to the market, resulting in growth, profitability and value creation for shareholders.*
- *José Miguel García: "We have successfully delivered on our strategic roadmap, significantly boosting the company's growth and profitability, making us one of the fastest growing operators on the Spanish telecommunications market".*
- *"We have far exceeded all the targets set: to establish a single organisation, to consolidate the traditional business and to successfully complete our national expansion plan through the Virgin telco brand."*

Derio, 2 June 2021. Euskaltel Group shareholders have approved by a vast majority all the proposals drawn up by the Board at the Ordinary General Meeting held this morning at the Company's headquarters.

Agenda items approved at the General Shareholders' Meeting include the Euskaltel Group Annual Accounts, Directors' Reports and the Non-Financial Information Statement for 2020, which confirm the growth in customers and profitability as a result of the actions set out in the company's strategic roadmap.

Speaking to the General Shareholders' Meeting, the Euskaltel Group's CEO, José Miguel García, stressed that all targets announced to the market have been met. "We have successfully delivered on the strategic roadmap, significantly boosting the company's growth and profitability, making us one of the fastest growing operators on the Spanish telecommunications market". "We have far exceeded all the targets set: to establish a single organisation, to consolidate the traditional business and to successfully complete the national expansion plan through the Virgin telco brand with over 115,000 customers –well above the targets set."

Successful national expansion with the Virgin telco brand

The Euskaltel Group's CEO, who this week celebrates his second anniversary at the helm of the company, stressed that the successful delivery of the Group's strategic roadmap has been based on three fundamental pillars: creating a single, integrated organisation; improving and consolidating the traditional business by introducing efficiency programmes, which have enabled the traditional business to generate over Euros 200 million in operating cash flow during the year, up 7% on the previous year; and successfully launching the national expansion plan through the Virgin telco brand, which has exceeded its 2020 customer targets by over 50%.

Moreover, the Group has already launched an ambitious project to upgrade its cable network to state-of-the-art optic fibre, connecting traditional homes and increasing network coverage, and generating enormous value for the company, as it requires limited investment because the company already owns many of the required assets, such as the ducts, feeder and transport networks. The upgrade has already been completed in 45,000 households in 30 towns in the Group's three traditional markets.

Having delivered on its strategic plan, the Euskaltel Group has become one of the fastest growing operators on the Spanish telecommunications market. In 2020 Euskaltel achieved around 60,000 net customer registrations in broadband services, positioning the company as the second fastest growing operator on the market.

Euskaltel's revenue was up 2% on the previous year, making it the second fastest growing operator in a market where only two of the five main operators have recorded positive revenue growth.

2020: Euskaltel's return to growth

It is worth noting that in 2020 Euskaltel's key operational and financial indicators once again rose, thanks mainly to the boost from national expansion, with significant growth in both customers and revenue.

Referring to the specific data, the roadmap and strategic change have driven the company's growth and profitability in 2020.

There was an increase of over 47,000 landline customers in the year, with more than 716,000 landline customers at year-end, reflecting record growth for the company boosted by the success of Virgin telco.

Around 24 million homes are covered either by the company's own network or through other operator networks, exceeding the target set by the company to cover 18 million homes by the end of 2020 by over 30% and multiplying the company's network coverage fourfold in just one year.

The company's revenue is up 2% on 2019 to Euros 697 million in 2020, marking a return to revenue growth for the Group.

The traditional business generated over Euros 200 million in operating cash, reflecting growth of over 7% compared to the previous year, as a result of improving and consolidating the traditional business and introducing efficiency plans.

This has all led to 2020 marking Euskaltel's return to growth.

High quality service at a competitive price

Virgin telco's launch on 20 May last year has exceeded all targets, both in terms of customer growth and quality. In the fourth quarter, after just seven months on the market, Virgin telco was already the leading brand in terms of Net Promoter Score (NPS).

Virgin telco's success on the market is down to the brand's clear positioning as a provider of high quality services at competitive prices, and the launching of the most innovative offers on the market. This has boosted Virgin telco's profitability with the number of services per customer increasing 23% and ARPU up 10% since its launch.

Virgin telco's most innovative offers include: Netflix Fan –Netflix content at the most competitive market prices; Virgin Family –product bundle including the most competitive services at the best prices; Wifi Mesh –maximising Wi-Fi power at home; an agreement with Amazon making Virgin telco the first operator to distribute its products via Amazon and offering customers Amazon Prime content at great prices.

Value creation for shareholders - Dividend distribution

From this solid base, the Euskaltel Group's Business Plan ensures growth and value creation for shareholders and forecast growth in the main financial indicators and business areas in the coming years, mainly based on the rolling out of its national expansion plan, which has transformed the company into a growth business.

The General Meeting held today approved the proposed distribution of Euskaltel Group profit and the paying out of a dividend for the year ended 31 December 2020. The final dividend to be distributed to shareholders, having been approved at today's General Meeting, is Euros 0.31 cents per share.

It is important to note that Euskaltel's Board of Directors agreed in December 2020 to pay an interim dividend to the Company's shareholders against 2020 results for a gross amount of Euros 0.14 per share outstanding with dividend rights, which was paid out on 12 February 2020.

Subsequently, the Board of Directors agreed to submit to the General Shareholders' Meeting the approval of an additional dividend of Euros 0.17 per share, which is expected to be paid out on 17 June 2021 at the latest.

This is the fifth consecutive year that a dividend has been paid out since the company was floated on the stock exchange in July 2015. Furthermore, this dividend distribution demonstrates the Group's commitment to its shareholders and reinforces the objective to add value to investors.

General Meeting held online due to COVID-19

Euskaltel's General Shareholders' Meeting was held online so as to guarantee the health and safety of shareholders and to respect the restrictions on movement resulting from Covid-19. All shareholder participation and voting rights have been guaranteed.

Environmental sustainability

The Euskaltel Group remains committed to excellence in environmental management as evidenced by its commitment to fight climate change, to contribute to the Sustainable Development Goals and to align its activity with best market practices.

Once again this year, reflecting the Euskaltel Group's commitment to the environment, the General Shareholders' Meeting has been held with the Basque Government's "Erronka Garbia" sustainable events endorsement, which certifies that the event was held using measures that minimise negative environmental impacts. Emissions were reduced at the 2021 Shareholders' Meeting, as all energy used at Euskaltel's headquarters since 2020 comes from 100% renewable sources, and by holding the General Meeting remotely, without shareholders and their representatives attending in person, the environmental impact was even lower.

The company has also added its membership of the Green Recovery Alliance to its environmental commitments, working towards a sustainable recovery from the health and economic crisis in the European Union with governments introducing measures and policies aligned with sustainability criteria.

Recognition for its profitability and sustainability

In February 2021, Euskaltel joined the IBEX TOP DIVIDENDO® index, reflecting the company's good track record in terms of profitability, which is once again confirmed by its dividend policy, as a result of the company's solid results.

Euskaltel's joining the IBEX TOP DIVIDENDO stands alongside its inclusion in the FTSE4Good IBEX sustainability index (since June 2020), another of the company's milestones. The FTSE4Good IBEX is one of the most prestigious sustainability indexes in the world, highlighting Spanish companies that lead corporate social responsibility practices and provides investors with information on companies that meet environmental, social and corporate governance (ESG) best practices on a global level.

Alongside solid performance in terms of profitability and sustainability, the strength of the Euskaltel brand has now also been recognised. It is now among the 150 most valuable telecommunications brands in the world, according to the "**Telecoms 150 2021**" report by Brand Finance, an independent consultancy firm that values intangible assets. Their rankings comply with ISO 10668 and ISO 20671 for brand valuation and assessment, respectively, and their brand value database is used to create one of the indicators for the UN's Global Innovation Index (GII).

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