

## **Masmovil Announces Certain Recent Developments and Updates**

**September 29, 2021.** Masmovil Ibercom, S.A.U., the fourth largest operator in the Spanish telecommunications market, today announced certain recent developments and updates, as set out in Annex A attached hereto.

### ***Cautionary Statement***

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation. This communication does not constitute an offer of securities to the public in the United States, the United Kingdom, the European Economic Area or any other jurisdiction where it is unlawful to do so.

### ***Forward-Looking Statements***

This press release may include forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “anticipates,” “expects,” “intends,” “may,” “will” or “should” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding Masmovil’s or its affiliates’ intentions, beliefs or current expectations concerning, among other things, Masmovil’s or its affiliates’ results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Readers are cautioned that forward-looking statements are not guarantees of future performance and that Masmovil’s or its affiliates’ actual results of operations, financial condition and liquidity, and the development of the industries in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this press release. In addition, even if Masmovil’s or its affiliates’ results of operations, financial condition and liquidity, and the development of the industries in which they operate are consistent with the forward-looking statements contained in this press release, those results or developments may not be indicative of results or developments in subsequent periods.

## Annex A

### **CERTAIN RECENT DEVELOPMENTS**

#### **Netco Asset Disposal**

We intend to enter into a transaction for the potential transfer of up to 1.1 million BUs in our HFC network, concentrated in Northern Spain, to a joint venture network company (“**Netco**”), in which we expect to hold a minority stake (“**Netco Asset Disposal**”). We expect to set up Netco jointly with certain investors, who will hold the majority stake in Netco. In the event that the Netco Asset Disposal is consummated, Netco would own and operate the BUs transferred by us. Based on our current expectations, we expect to enter into an agreement with the relevant investors relating to the creation of Netco and the Netco Asset Disposal during the fourth quarter of 2021, and expect to complete the transaction during the first quarter of 2022. Upon completion of the Netco Asset Disposal, we expect to be the anchor client of Netco with a volume commitment corresponding to 85% of the customer base on the network. In addition, we expect to enter into an arrangement under which Netco will commit to the completion of the retrofitting and upgrade of the HFC network, which will be managed by us, and pursuant to which we will grant an exclusive 25-year arrangement to Netco.

We currently expect to receive at least €500 million of net proceeds from the Netco Asset Disposal, net of any equity investment that we would be required to make in order to obtain a minority stake in Netco. We intend to utilize the proceeds from the Netco Asset Disposal to repay in full and cancel the Asset Bridge Facility.

As of date, we have not entered into any contractual arrangements or commitments in relation to the Netco Asset Disposal. In the event that we enter into the relevant contractual arrangements in relation to the Netco Asset Disposal, which we expect will occur during the fourth quarter of 2021, we expect the completion to be subject to a number of closing conditions, including applicable regulatory and antitrust approvals (if any). There is no certainty that we will be able to enter into the relevant contractual arrangements, or once we enter into such arrangements, we will be able to complete the Netco Asset Disposal within the expected time frame, or on the terms that we currently expect, or at all.

## OTHER UPDATES RELATING TO THE GROUP

### Unaudited Combined Pro Forma Financial Information

#### Unaudited Combined Pro Forma Statement of Profit or Loss Information

(€ in thousands)	Pro Forma <sup>(1)</sup>	
	Year ended December 31, 2020	Six months ended June 30, 2021
Pro forma revenue.....	2,667,254	1,393,256
Pro forma other operating income .....	79,219	41,347
Pro forma supplies .....	(974,490)	(507,802)
Pro forma employee benefits expenses.....	(113,331)	(65,809)
Pro forma depreciation and amortisation expenses.....	(779,543)	(413,660)
Pro forma Impairment and result from disposals of assets .....	(20,031)	226,182
Pro forma other operating expenses.....	(680,052)	(337,275)
<b>Pro forma operating profit.....</b>	<b>179,025</b>	<b>336,239</b>
Pro forma finance income.....	6,453	1,451
Pro forma financial expenses.....	(605,714)	(164,852)
Pro forma change in fair value of financial instruments.....	1,238	(3,081)
Pro forma exchange differences.....	115	430
Impairment and result from disposal of financial instruments .....	901	—
<b>Pro forma net finance expense.....</b>	<b>(597,007)</b>	<b>(166,052)</b>
Pro forma share of net profit of associates and joint ventures accounted for using the equity method.....	(2,931)	3,562
<b>Pro forma profit/(Loss) before income tax .....</b>	<b>(420,912)</b>	<b>173,749</b>
Pro forma income tax income/(expense) .....	139,213	(30,353)
<b>Pro forma profit/(Loss) for the period .....</b>	<b>(281,700)</b>	<b>143,396</b>
<b>Pro forma profit/(Loss) for the period attributable to:</b>		
Pro forma equity holders of the parent company.....	(280,577)	144,261
Pro forma non-controlling interests .....	(1,122)	(865)
<b>Pro forma Profit/(Loss) for the period.....</b>	<b>(281,700)</b>	<b>143,396</b>

- (1) Represents our unaudited combined pro forma statement of profit or loss information, which is intended to give pro forma effect to (i) in the case of the unaudited combined pro forma statement of profit or loss information for the year ended December 31, 2020, the Original Acquisition, the Acquisition and the Lyca Acquisition, as though they had occurred on January 1, 2020 and (ii) in the case of the unaudited combined pro forma statement of profit or loss information for the six months ended June 30, 2021, the Acquisition, as though it had occurred on January 1, 2020.

#### Unaudited Combined Pro Forma Statement of Financial Position Information

(€ in thousands)	Pro Forma <sup>(1)</sup>
	As of June 30, 2021
Pro forma equity .....	1,770,954
Pro forma non-current liabilities .....	7,849,005
Pro forma current liabilities .....	1,945,667
Pro forma total liabilities .....	9,794,672
<b>Pro forma total equity and liabilities .....</b>	<b>11,565,626</b>

- (1) Represents our unaudited combined pro forma statement of financial position information, which is intended to give pro forma effect to the Acquisition, as though it had occurred on June 30, 2021.

### Certain Pro Forma Operating Data of the Group

Key performance indicators	Pro Forma <sup>(1)</sup>	
	As of or for the	
	Year ended December 31, 2020	Six months ended June 30, 2021
<b>(In thousands of units)</b>		
Total lines EOP.....	13,504	14,804
of which Postpaid lines EOP.....	7,750	8,289
of which Active Prepaid lines EOP.....	3,157	2,872
of which BB lines EOP.....	2,596	2,924
<b>(In thousands of units)</b>		
Change in postpaid lines <sup>(2)</sup> .....	887	538
Change in prepaid lines <sup>(3)(4)</sup> .....	1,317	(285)

Key performance indicators	Pro Forma <sup>(1)</sup>	
	As of or for the	
	Year ended December 31, 2020	Six months ended June 30, 2021
(In thousands of units)		
Change in BB lines <sup>(5)</sup>	475	327
(In thousands of subscribers)		
Change in ADSL	111	89
Change in FTTH	2,485	2,834
Total Fixed BB subscribers	2,596	2,924
(In millions of units)		
Own footprint	15.1	19.8
Indirect footprint	11.2	7.0
Total FTTH footprint	26.3	26.8
(In units)		
Full-time Employees	1,650	1,943

- The non-financial key performance indicators of our operations presented in these two columns give pro forma effect to (i) for the year ended December 31, 2020, the Original Acquisition, the combination of the Group and Euskaltel pursuant to the Acquisition and the Lyca Acquisition, as though they had occurred on January 1, 2020 and (ii) for the six months ended June 30, 2021, the combination of the Group and Euskaltel pursuant to the Acquisition, as though they had occurred on January 1, 2021.
- Represents the increase or decrease in postpaid mobile lines during the relevant period and is calculated as the difference between postpaid lines EOP as of the last day of the relevant period less the postpaid lines EOP as of the last day of the previous period.
- Represents the increase or decrease in prepaid mobile lines during the relevant period and is calculated as the difference between prepaid lines EOP as of the last day of the relevant period less the prepaid lines EOP as of the last day of the previous period.
- During the year ended December 31, 2019, our prepaid lines decreased as a result of an internal review of the activity on our prepaid lines and a deletion of all inactive customers.
- Represents the increase or decrease in broadband lines during the relevant period and is calculated as the difference between BB lines EOP as of the last day of the relevant period less the BB lines EOP as of the last day of the previous period.

### Certain Financial Information of the Group

(€ in thousands, unless otherwise indicated)	Masmovil	JVco	Aggregated	Masmovil	JVco
	For the nine months ended September 30, 2020	For the period from March 4, 2020 to December 31, 2020	For the year ended December 31, 2020	For the six months ended June 30, 2020	For the six months ended June 30, 2021
Revenue ( <i>Ingresos ordinarios</i> )	1,409,871	520,352	1,930,223	897,416	1,054,420
EBITDA <sup>(1)</sup>	335,415	103,974	439,389	196,005	586,457
Adjusted EBITDA <sup>(1)</sup>	436,262	205,497	641,759	276,705	377,493
Pro Forma EBITDA <sup>(2)</sup>			885,014		746,406
Pro Forma Adjusted EBITDA (in millions) <sup>(3)</sup>			1,106.8		549.2
Pro Forma Further Adjusted EBITDA (in millions) <sup>(3)</sup>					632.4

- We define EBITDA as our profit/(loss) for the relevant period (*Beneficio/(Pérdida) del periodo*) before income tax expense/(income) (*Ingreso/(gasto) por impuesto sobre ganancias*), interest expense (*Gastos por intereses*) and depreciation and amortization expenses (*Gastos por depreciación y amortización*).

We define Adjusted EBITDA as EBITDA for the period further adjusted for financial income / finance income (*Ingresos financieros*), share appreciation rights plan (*Plan de derechos sobre revalorización de acciones*), lease interest (*Intereses por arrendamientos*), other financial expenses (*Otros gastos financieros*), change in fair value of financial instruments (*Variación de valor razonable de instrumentos financieros*), exchange rate differences / exchange differences (*Diferencias de cambio*), impairment and result from disposal of financial instruments and gain on bargain purchase (*Deterioro y resultado por enajenaciones de instr. financieros e ingreso por combinación de negocio*), results from investments accounted for using the equity method / share of net profit of associates and joint ventures accounted for using the equity method (*Resultado por sociedades puestas en equivalencia*), integration, migration expenses and other expenses (*Gastos de integración, migración y otros*), which include costs that would not have been incurred in the absence of the COVID-19 pandemic, and impairment and result from disposal of assets (*Deterioro y resultado por enajenaciones del inmovilizado*).

EBITDA and Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, IFRS. We believe EBITDA and Adjusted EBITDA provide useful information to our management and investors with respect to our overall operating performance by facilitating comparisons of operating performance on a consistent basis by removing the impact of items not directly resulting from core operations. We present these Non-IFRS Measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. These Non-IFRS Measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our operating results as reported under IFRS. The following table shows a reconciliation of our profit/(loss) for the relevant period (*Beneficio/(Pérdida) del periodo*) to EBITDA and Adjusted EBITDA:

	Masmovil	JVco	Aggregated <sup>(a)</sup>	Masmovil	JVco
	For the nine months ended September 30, 2020	For the period from March 4, 2020 to December 31, 2020	For the year ended December 31, 2020	For the six months ended June 30, 2020	For the six months ended June 30, 2021
<b>(€ in thousands)</b>					
<b>Profit/(loss) for the period (<i>Beneficio/(Pérdida) del periodo</i>)</b> .....	<b>(11,714)</b>	<b>(66,182)</b>	<b>(77,896)</b>	<b>1,490</b>	<b>184,416</b>
Income tax expense/(income) ( <i>Ingreso/ gasto por impuesto sobre ganancias</i> ).....	(2,503)	(28,569)	(31,072)	3,937	50,393
Net interest expense ( <i>Resultado neto por intereses</i> ) .....	95,174	66,975	162,149	36,421	89,088
Depreciation and amortization expenses ( <i>Gastos por depreciación y amortización</i> ).....	254,458	131,750	386,208	154,157	262,560
<b>EBITDA</b> .....	<b>335,415</b>	<b>103,974</b>	<b>439,389</b>	<b>196,005</b>	<b>586,457</b>
Financial income / Finance income ( <i>Ingreso financiero</i> ).....	(3,526)	(1,955)	(5,481)	(2,339)	(1,447)
Share Appreciation Rights Plan ( <i>Plan de derechos sobre revalorización de acciones</i> ) <sup>(b)</sup> .....	59,008	—	59,008	46,875	—
Lease interest ( <i>Intereses por arrendamientos</i> ) <sup>(c)</sup> .....	6,727	2,371	9,098	4,411	4,608
Other financial expenses ( <i>Otros gastos financieros</i> ) <sup>(d)</sup> .....	—	—	—	—	—
Change in fair value of financial instruments ( <i>Variación de valor razonable de instrumentos financieros</i> ) .....	33	(669)	(636)	(149)	3,283
Exchange rate differences / Exchange differences ( <i>Diferencias de cambio</i> ).....	163	(37)	126	193	36
Impairment and result from disposal of financial instruments and gain on bargain purchase ( <i>Deterioro y resultado por enajenaciones de instr. financieros e ingreso por combinación de negocio</i> ) .....	(901)	—	(901)	(1,171)	—
Results from investments accounted for using the equity method / Share of net profit of associates and joint ventures accounted for using the equity method ( <i>Resultado por sociedades puestas en equivalencia</i> ).....	8,558	(5,627)	2,931	5,583	(3,562)
Integration, migration expenses and other expenses ( <i>Gastos de integración, migración y otros</i> ) <sup>(e)</sup> .....	23,061	—	95,169	118,230	19,573
Impairment and result from disposal of assets ( <i>Deterioro y resultado por enajenaciones del inmovilizado</i> ) <sup>(f)</sup> .....	7,724	—	12,271	19,995	7,724
<b>Adjusted EBITDA</b> .....	<b>436,262</b>	<b>103,974</b>	<b>205,497</b>	<b>641,759</b>	<b>377,493</b>

- (a) Represents our unaudited supplementary non-IFRS Aggregated Financial Information for the year ended December 31, 2020, which is calculated by aggregating (a) the historical audited consolidated financial information of the Masmovil Group for the nine-month period ended September 30, 2020 and (b) the historical audited consolidated financial information of JVco for the period from March 4, 2020 (the date of JVco's incorporation) to December 31, 2020. Prior to the Original Acquisition, JVco and its subsidiaries had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation.
- (b) Share Appreciation Rights Plan relates to the provisions recognized by us to cover the Share Appreciation Rights Plan for certain senior managers and employees and also includes an estimate of severance and indemnity costs that had yet to be paid for the relevant period. We settled the Share Appreciation Rights Plan and the related cash bonuses in full on September 1, 2020, and paid the final settlement amount to the participants in the Share Appreciation Rights Plan.
- (c) Lease interest relates to, for the year ended December 31, 2018, adjustments to reflect the impact of the restatement of the 2018 financial statements for the impact of the adoption of IFRS 16 and, for all other periods, to the interest payments made with respect to our lease liabilities, accounted in accordance with IFRS 16.
- (d) Other financial expenses relates mainly to the impact of IFRS 9 on our interest expense.
- (e) Integration and migration expenses relates to costs incurred in connection with our add-on acquisitions and includes integration costs such as consultant fees, legal fees, due diligence expenses, expenses related to the adaption of our systems, compensation to suppliers for the cancellation of contracts and redundancy costs, and migration costs such as consultant fees, compensation to other operators in connection with the migration of subscribers, additional NRA expenses, the cost of routers and SIM cards, costs related to the migration of customer service and other costs related to the migration of customers and systems from the acquired businesses to our own networks. For the six months ended June 30, 2020 and 2021 and the year ended December 31, 2020 (aggregated from the results of Masmovil for the nine months ended September 30, 2020 and JVco for the period from March 4, 2020 to December 31, 2020), other expenses also included expenses incurred as a result of the COVID-19 pandemic, including (i) costs related to the delay of cost reduction projects, in particular, the migration of certain of our subscribers from third-party networks charging us variable data usage fees based on subscribers' data consumption to third-party networks charging us generally lower fixed rates to accommodate higher data consumption during COVID-19-related lockdowns, (ii) additional commissions for our sales, retention and customer care personnel to sustain our activity, (iii) costs related to a media campaign focused on our commitment to Spain's connectivity and brand awareness, (iv) bad debt due to the prohibition to cut off defaulting customers and non-invoiceable collection fees related to uncollected invoices, (v) costs related to the donation of masks and telephones to hospitals and nursing homes and (vi) protective equipment for our employees. For the year ended December 31, 2018, we incurred €3.4 million of integration expenses and €14.0 million of migration expenses related to the acquisitions of Llamaya, Lebara and The Bymovil Spain, S.L.U. For the year ended December 31, 2019, we incurred €12.9 million of integration expenses and €5.5 million of migration expenses related to the acquisitions of Lebara and The Bymovil Spain, S.L.U. For the year ended December 31, 2020 (aggregated from the results of Masmovil for the nine months ended September 30, 2020 and JVco for the period from March 4, 2020 to December 31, 2020), we incurred €6.7 million of integration expenses and €1.9 million of migration expenses related to the acquisitions of Lyca and Ahi+, €81.5 million related to the Original Acquisition (which included €48.4 million in relation to rating and financial institutions fees and €29.3 million in relation to costs, fees and expenses incurred for advisory services) and €28.1 million of other

expenses related to the COVID-19 pandemic. For the six months ended June 30, 2020, we incurred €2.6 million of integration and migration expenses related to the acquisitions made during the first half of 2020 and €17.0 million of other expenses related to the COVID-19 pandemic. For the six months ended June 30, 2021, we incurred €5.4 million of integration and migration expenses related to the acquisitions made during the first half of 2021, €1.2 million related to the Original Acquisition, €1.3 million related to the Target Acquisition, €4.8 million of other expenses related to the COVID-19 pandemic and €2.2 million of management fees.

- (f) Impairment and result from disposal of assets (*Deterioro y resultado por enajenaciones del inmovilizado*) for the year ended December 31, 2020 related to a €20.0 million impairment recognized in relation to routers that are returned to us when customers terminate their contract, which are not recoverable for subsequent use, and the costs associated with their de-installation. Impairment and result from disposal of assets (*Deterioro y resultado por enajenaciones del inmovilizado*) for the year ended December 31, 2019 related to €144.4 million of proceeds from the disposal of assets, mainly related to the proceeds of the sale of a section of our FTTH network composed of approximately 940,000 BUs to Macquarie Assets Holding Limited, partially offset by a €32.2 million impairment recognized in relation to routers that are returned to us when customers terminate their contract, which are not recoverable for subsequent use, and the costs associated with their de-installation. Impairment and result from disposal of assets for the six months ended June 30, 2020 and 2021 related to impairments recognized in relation to routers that are returned to us when customers terminate their contract, which are not recoverable for subsequent use, the costs associated with their de-installation and, for the six months ended June 30, 2021 only, the gains related to Ucles Jvco.
- (2) Pro Forma EBITDA represents our profit/(loss) for the relevant period (*Beneficio/(Pérdida) del periodo*) before income tax expense/(income) (*Ingreso/(gasto) por impuesto sobre ganancias*), interest expense (*Gastos por intereses*) and depreciation and amortization expenses (*Gastos por depreciación y amortización*), which have been derived in each case, from the Unaudited Combined Pro Forma Financial Statements presented under “*Annex—Unaudited Combined Pro Forma Financial Statements*” and therefore give pro forma effect to (i) in the case of Pro Forma EBITDA for the year ended December 31, 2020, the Original Acquisition, the Acquisition and the Lyca Acquisition, as though they had occurred on January 1, 2020 and (ii) in the case of Pro Forma EBITDA for the six months ended June 30, 2021, the Acquisition, as though it had occurred on January 1, 2020. The following table provides a reconciliation of Pro Forma EBITDA from our pro forma profit/(loss) for the year ended December 31, 2020 and the six months ended June 30, 2021:

(€ in thousands)	Pro forma	
	For the year ended December 31, 2020	For the six months ended June 30, 2021
Pro forma profit/(loss) for the period .....	(281,700)	143,396
Pro forma income tax expense/(income) .....	(139,213)	30,353
Pro forma net interest expense .....	526,384	158,997
Pro forma depreciation and amortization expenses .....	779,543	413,660
<b>Pro Forma EBITDA .....</b>	<b>885,014</b>	<b>746,406</b>

- (3) We define Pro Forma Adjusted EBITDA as Pro Forma EBITDA adjusted for certain pro forma costs and expenses and other items of the combined Group for the year ended December 31, 2020 and the six months ended June 30, 2021, which have been derived in each case, from the Unaudited Combined Pro Forma Financial Statements presented under “*Annex—Unaudited Combined Pro Forma Financial Statements*.”

We define Pro Forma Further Adjusted EBITDA as Pro Forma Adjusted EBITDA adjusted for (i) certain unfavorable contracts of the Target which are included Pro Forma Adjusted EBITDA for the six months ended June 30, 2021 and (ii) the full period impact of certain expected operational cost savings, as if such expected operational cost savings had been implemented on the first day of the period, in each case as further described below.

Pro Forma Adjusted EBITDA and Pro Forma Further Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, IFRS, and do not purport to indicate what our Adjusted EBITDA would have been for the six months ended June 30, 2020, among others, had the Target Group been consolidated in our financial statements as of the beginning of the relevant period or had the relevant operational cost savings been fully achieved in such period, or what our Adjusted EBITDA could be for any future period. Moreover, the costs we will incur in trying to realize these operational cost savings and other benefits described below may be substantially higher than our current estimates and may outweigh any benefit. We believe that Pro Forma Adjusted EBITDA and Pro Forma Further Adjusted EBITDA provide useful information to our management and investors with respect to our overall operating performance by facilitating comparisons of operating performance on a consistent basis by removing the impact of items not directly resulting from core operations. We present Pro Forma Adjusted EBITDA and Pro Forma Further Adjusted EBITDA because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. Pro Forma Adjusted EBITDA and Pro Forma Further Adjusted EBITDA may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as substitutes for an analysis of our operating results as reported under IFRS.

The following table shows the build-up of Pro Forma Adjusted EBITDA for the year ended December 31, 2020 and the six months ended June 30, 2021, and the Pro Forma Further Adjusted EBITDA for the six months ended June 30, 2021 and on an L2QA basis for the six months ended June 30, 2021:

(€ in millions)	For the year ended December 31, 2020	For the six months ended June 30, 2021	L2QA for the six months ended June 30, 2021 <sup>(a)</sup>
Pro Forma EBITDA .....	885.0	746.4	
Pro forma finance income .....	(6.5)	(1.5)	
Pro forma share appreciation rights plan .....	59.0	—	
Pro forma lease interest .....	11.7	5.9	
Pro forma other financial expenses .....	8.7	—	
Pro forma change in fair value of financial instruments .....	(1.2)	3.1	
Pro forma exchange differences .....	(0.1)	(0.4)	
Pro forma impairment and result from disposal of financial instruments and gain on bargain purchase .....	(0.9)	—	

(€ in millions)	For the year ended December 31, 2020	For the six months ended June 30, 2021	L2QA for the six months ended June 30, 2021 <sup>(a)</sup>
Pro forma share of net profit of associates and joint ventures accounted for using the equity method.....	2.9	(3.6)	
Pro forma integration, migration expenses and other expenses .....	128.2	25.5	
Pro forma impairment and result from disposal of assets.....	20.0	(226.2)	
<b>Pro Forma Adjusted EBITDA</b> .....	<b>1,106.8</b>	<b>549.2</b>	<b>1,098.4</b>
Pro forma adjustments for certain unfavorable contracts of the Target <sup>(b)</sup> .....		(21.7)	(43.4)
Run rate cost savings from the Acquisition in the near-term <sup>(c)(e)</sup> .....		55.1	110.1
<b>Pro Forma Further Adjusted EBITDA in the short term (excluding the Netco Asset Disposal)</b> .....		<b>582.6</b>	<b>1,165.2</b>
Run rate cost savings from the Acquisition in the medium-term <sup>(d)(e)</sup> .....		35.5	71.0
Group run rate cost savings <sup>(f)</sup> .....		20.7	41.4
<b>Pro Forma Further Adjusted EBITDA (excluding the Netco Asset Disposal)</b>		<b>638.8</b>	<b>1,277.6</b>
Adjustment in relation to Netco Asset Disposal <sup>(g)</sup> .....		(6.4)	(12.8)
<b>Pro Forma Further Adjusted EBITDA</b> .....		<b>632.4</b>	<b>1,264.8</b>

- (a) Represents certain L2QA metrics for the six months ended June 30, 2021, derived by multiplying Pro Forma Adjusted EBITDA, Pro Forma Further Adjusted EBITDA in the short term (excluding the Netco Asset Disposal), Pro Forma Further Adjusted EBITDA (excluding the Netco Asset Disposal), Pro Forma Further Adjusted EBITDA and certain adjustments to calculate Pro Forma Further Adjusted EBITDA as described above, as applicable and in each case for the six months ended June 30, 2021, by two. We present these L2QA metrics because we believe that they are of interest to investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. These L2QA metrics may not be comparable to similarly titled measures of other companies, have limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our operating results as reported under IFRS.
- (b) Represents the pro forma addition in respect of certain unfavorable contracts entered into by the Target, which is included in the Pro Forma Adjusted EBITDA for the six months ended June 30, 2021. Since the Pro Forma Further Adjusted EBITDA includes the estimated run rate cost savings we expect to generate from the renegotiation of these contracts, as discussed in further detail in note (e) below, these additions made to the Pro Forma Adjusted EBITDA for the six months ended June 30, 2021 have been deducted.
- (c) Represents our estimate of the cost savings pursuant to the Acquisition for the six months ended June 30, 2021, which we expect to achieve in 2022. This adjustment does not reflect approximately €116 million of one-off costs we expect to incur in 2022 to achieve these run rate cost savings. A majority of the cost savings we expect to achieve in 2022 are in relation to optimization of the Target's mobile network and integration thereof with our network, primarily through the cancellation of national roaming agreements ("NRA") for mobile network entered into by the Target with Orange Spain and Telefónica, and the entry into new or amended NRAs for the combined Group. We currently expect to enter into the new or amended NRAs and commence migrating Target's customers to our mobile network, in October 2021 (under the new or amended NRAs to be entered into with Orange Spain) and in January 2022 (under the new or amended NRAs to be entered into with Telefónica). Accordingly, we believe that our estimate of €110 million of run rate cost savings pursuant to the Acquisition which we expect to achieve in 2022 is reasonable. Based on our current estimates, we expect to achieve the full run rate impact of these cost savings, equal to approximately €181 million, in 2025. For further details relating to our estimate of the cost savings pursuant to the Acquisition, including in respect of the one-off costs we expect to incur, see note (e) below.
- (d) Represents our estimate of the additional cost savings pursuant to the Acquisition for the six months ended June 30, 2021, which we expect to achieve in the medium-term, post 2022, assuming the full run rate impact of these cost savings is reached in 2025. This adjustment does not reflect approximately €170 million of additional one-off costs we expect to incur from 2023 to 2029 to achieve these run rate cost savings. We have estimated the cost savings pursuant to the Acquisition for the six months ended June 30, 2021 based on the cost savings we expect to achieve in 2025. While we expect to achieve a majority of the cost savings relating to the Acquisition from 2022 onwards, we believe that the cost savings for 2025 form a reasonable basis for estimating the cost savings relating to the Acquisition we expect to achieve in the medium-term, as they reflect the first year of full run rate impact. Pursuant to the Acquisition, we currently expect to achieve aggregate cost savings of approximately €181 million in 2025. For further details relating to our estimate of the cost savings pursuant to the Acquisition, including in respect of the one-off costs we expect to incur, see note (e) below.
- (e) In connection with the Acquisition, we currently expect to achieve aggregate cost savings of approximately €110 million in 2022, €139 million in 2023, €169 million in 2024 and €181 million in 2025. These expected cost savings relate to (i) optimization of the Target's mobile network and integration thereof with our network, which we estimate will result in aggregate cost savings of approximately €77 million in 2022, €84 million in 2023, €92 million in 2024 and €98 million in 2025, primarily through the cancellation of NRAs for mobile network entered into by the Target and the entry into new or amended NRAs for the combined Group, (ii) optimization of the Target's fixed network and integration thereof with our network, which we estimate will result in aggregate cost savings of approximately €17 million in 2022, €41 million in 2023, €59 million in 2024 and €64 million in 2025, through the partial decommissioning of the Target's hybrid fiber-coaxial ("HFC") network and the cancellation of bitstream network access agreements entered into by the Target and the entry into new or amended agreements for the combined Group and (iii) certain other cost savings we expect to generate from the integration of the operations, systems and functions of the Target, such as in relation to removal of duplicative corporate and other functions, reduced subscriber retention costs, and other cost savings in relation to integration of IT systems and customer care and marketing functions of the Target with those of our Group, which we estimate will result in aggregate cost savings of approximately €16 million in 2022, €14 million in 2023, €20 million in 2024 and €20 million in 2025. Run rate cost savings for the Acquisition have been calculated assuming a growth in subscriber base of the Target Group, mainly in relation to customers on the Virgin telco platform, and otherwise assuming constant operating conditions over the period of time over which these run rate cost savings are expected to occur. To realize these cost savings, we currently expect to incur aggregate one-off implementation costs including in relation to cancellation of Target's NRAs (which we expect to pay over time), migration costs, of approximately €286 million, which have not been reflected in the adjustments described above. We currently expect to incur most of these implementation costs by 2025 (approximately €116 million in 2022, €79 million in 2023, €38 million in 2024 and €25 million in 2025) with the remaining €26 million to be incurred by 2029.

In addition to these cost savings, we expect the Acquisition will allow us to achieve certain cost savings in relation to our capital expenditure of approximately €8 million in relation to IT infrastructure and systems, beginning 2024. We do not expect these additional estimated cost savings to impact our EBITDA and we have therefore not included them in the calculation of Pro Forma Further Adjusted EBITDA (excluding the Netco Asset Disposal) or Pro Forma Further Adjusted EBITDA.

#### Expected run rate cost savings in relation to our mobile network

In relation to the optimization of the Target's mobile network and integration thereof with our network, we currently expect to achieve cost savings through (i) the cancellation of existing NRAs of the Target and the entry into new or amended NRAs for the combined Group and (ii) the deployment of additional mobile sites in northern Spain, which we estimate will result in aggregate cost savings of approximately €77 million in 2022, €84 million in 2023, €92 million in 2024 and €98 million in 2025, as described below:

- We intend to cancel the existing NRAs for mobile network entered into by the Target with Orange Spain and Telefónica and enter into new or amended NRAs for the combined Group, which we estimate will result in cost savings of approximately €77 million in 2022, €81 million in 2023, €89 million in 2024 and €95 million in 2025. In light of the increased scale of the combined Group, we expect the new or amended NRAs for the combined Group to have better commercial terms than those of the existing NRAs entered into by the Target and to enable us to migrate Target's customers to our mobile network. In relation to the cancellation of the existing NRAs of the Target Group and entering into new NRA for the combined Group, we currently also expect a significant reduction in penalties specified in the Target's NRAs and the deferral of payment of such penalties over time. We currently expect to enter into the new or amended NRAs and commence migrating Target's customers to our mobile network in October 2021 (under the new or amended NRAs to be entered into with Orange Spain) and in January 2022 (under the new or amended NRAs to be entered into with Telefónica). The migration of Target's customers to our mobile network has been planned pursuant to an over-the-air (OTA) process and we expect to receive technical assistance from our NRA partners, which we believe reduces execution risks and will help us achieve the migration and cost savings as currently estimated by us. One-off implementation costs for achieving these cost savings include penalties in relation to cancellation of Target's NRAs (which we expect to pay over time), mobile network migration costs and other mobile network costs such as in relation to radio and transmission capacity.
- We intend to deploy additional 368 mobile sites in northern Spain, which we estimate will result in cost savings of approximately €3 million in each of 2023, 2024 and 2025. Considering the high concentration of Target's customers in northern Spain, we expect the deployment of these additional sites to result in, among others, transmission savings. One-off implementation costs for achieving these cost savings include capital expenditure relating to deployment of these mobile sites.

#### Expected run rate cost savings in relation to our fixed network

In relation to the optimization of the Target's fixed network and the integration thereof with our network, we currently expect to achieve cost savings pursuant to (i) the decommissioning of the Target's HFC network, (ii) the cancellation of existing bitstream agreements of the Target and the entry into new or amended agreements for the combined Group, which we estimate will result in aggregate cost savings of approximately €17 million in 2022, €41 million in 2023, €59 million in 2024 and €64 million in 2025, and as described below:

- We intend to partially decommission Target's HFC network, which we estimate will result in cost savings of approximately €18 million in 2023, €29 million in 2024 and €29 million in 2025. As Target's HFC network significantly overlaps with our existing HFC network, we expect that the partial decommissioning of the Target's HFC network will enable us to migrate Target's relevant customers to our FTTH network. One-off implementation costs for achieving these cost savings include customer migration costs.
- We intend to cancel the existing agreements for bitstream network access entered into by the Target with Orange Spain and enter into new or amended agreements for the combined Group, which we estimate will result in cost savings of approximately €17 million in 2022, €23 million in 2023, €30 million in 2024 and €35 million in 2025. With the increased scale of the combined Group, we expect the new or amended agreements for the combined Group to have better commercial terms than those of the existing agreements entered into by the Target. One-off implementation costs for achieving these cost savings include costs in relation to cancellation of the existing bitstream agreement entered into by the Target with Orange Spain and penalty under CNMC's new broadband ethernet service ("NEBA") regime.

#### Other expected run rate cost savings

In addition to the cost savings in relation to mobile and fixed network, we currently expect the integration of the operations, systems and functions of the Target with those of our Group to result in additional cost savings, which we estimate will amount to approximately €15 million in 2023, €20 million in 2024 and €20 million in 2025. These cost savings are in relation to (i) removal of duplicative corporate and other functions between the Target and our Group, which we estimate will result in cost savings of approximately €5 million in 2022, €3 million in 2023, €4 million from 2024 onwards, (ii) reduction of subscriber retention costs due to elimination of churn by subscribers who may have previously migrated from either the Group's network to that of the Target, or from the Target's network to that of the Group, which we estimate will result in cost savings of approximately €7 million from 2022 onwards, (iii) the integration of the Target's IT systems with our systems, which we expect will result in cost savings of approximately €4 million in each of 2024 and 2025, (iv) the rationalization of call center and customer care operations and employees of the Target with that of our Group, which we expect will result in cost savings of approximately €2 million in 2022 and €3 million from 2023 onwards, and (v) the optimization of the Target's transmission network, pursuant to which, we expect to cancel the Target's existing network transmission arrangements and enter into a new or amended arrangements for the combined Group with more favorable pricing terms, which we expect will result in cost savings of approximately €2 million from 2022 onwards. Key one-off implementation costs for achieving these synergies include costs in relation to removal of duplicative corporate and other functions and integration of the Target's IT systems and penalty in relation to the cancellation of Target's existing network transmission agreements.



In light of the fact that we expect to incur the vast majority of the estimated one-off costs described above in 2022, 2023 and 2024 and that we expect to benefit from the full run-rate impact of the estimated cost synergies only starting from 2025, such one-off costs may outweigh the expected synergies prior to 2025. For example, we currently expect to achieve approximately €110 million of run rate cost savings as a result of the Acquisition in 2022, but the associated one-off costs we expect to incur in such year to achieve these cost savings are greater than such amount (approximately €116 million). Investors should therefore exercise caution when assessing our Pro Forma Further Adjusted EBITDA as these one-off implementation costs have not been taken into account in the calculation thereof. Moreover, as of date, we have not entered into the new or amended agreements for mobile and FTTH network with, among others, Orange Spain and Telefónica, and there is therefore no certainty that we will be able to enter into these agreement and achieve the expected cost savings within the time frame or on the terms that we currently expect, or at all. Moreover, our estimates in respect of one-off costs we expect to incur in order to achieve the abovementioned synergies, as well as the timing of incurrence thereof, may be inaccurate and the actual costs we incur may be significantly higher than our estimates and may outweigh any benefit.

- (f) Represents our estimate of cost savings for the six months ended June 30, 2021, that we currently expect to achieve in respect of certain initiatives that are being implemented by the Group, as described below.
- We expect to achieve cost savings of approximately €13 million in 2022, in connection with our implementation of the plan to provide coverage across a targeted 95% of the population in Spain (the “**Coverage Plan**”). We have implemented steps under the Coverage Plan in light of our commitment under the 2100 MHz band license held by us.
  - We expect to achieve cost savings of approximately €10 million in each of 2022 and 2023, upon the expiry of the existing NRA for mobile network access entered into by us with Vodafone Spain, in respect of customers on the Lebara and HITS Mobile platforms, and the migration of such customers to our network. Upon the expiry, in March 2022, of the existing NRA entered into with Vodafone Spain, we intend to migrate the relevant customers on the Lebara and HITS Mobile platforms to our network. We expect such migration will result in lower costs for us, which we currently expect to achieve by splitting the customer traffic from Lebara and HITS Mobile platforms to our self-owned network as well as on networks under the NRAs entered into by us.
  - On December 15, 2020, we acquired 75% of Onlycable Comunicación, S.L. (“**Onlycable**”), part of the Ahi+ group. We are currently in the process of seeking to acquire the remaining 25% stake in Onlycable. Upon completion of this acquisition, we expect to be able to fully consolidate the results of Onlycable, which we expect will generate an estimated annual EBITDA of approximately €9 million, which represents the EBITDA of Onlycable for the year ended December 31, 2020, calculated in accordance with Spanish GAAP (€7 million), as further adjusted for certain IFRS-related adjustments estimated by us. We have estimated these IFRS adjustments based on similar adjustments made by us for other Ahi+ group entities. We are currently party to a litigation with the minority shareholder of Onlycable which may impact our ability to acquire its minority stake or delay the acquisition thereof.
  - We expect to achieve cost savings of approximately €7 million in each of 2021 and 2022, in relation to certain cost saving initiatives implemented by us. Such cost saving initiatives relate to, among other things, the reduction of certain outsourced services and functions, and the renegotiation of certain agreements with our suppliers to achieve better pricing terms. We are currently in the process of implementing these initiatives and expect to substantially complete them by the end of 2021.
- (g) Represents the estimated impact of the Netco Asset Disposal on our EBITDA for the six months ended June 30, 2021. We currently expect to enter into a definitive agreement for the Netco Asset Disposal in the last quarter of 2021. Assuming the completion of the Netco Asset Disposal in such time frame, we currently estimate an impact of €6.4 million impact on our Pro Forma Further Adjusted EBITDA for the six months ended June 30, 2021, calculated as an average of the estimated EBITDA impact for 2022 and 2023, and dividing it by two. As of the date, we have not entered into any contractual arrangements relating to the Netco Asset Disposal and there is therefore no certainty that we will be able to enter into such contractual arrangements, consummate the Net Asset Disposal within the time frame or on the terms that we currently expect, or at all.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF MASMOVIL

### *For the six months ended June 30, 2021 compared to the six months ended June 30, 2020*

The below table sets forth our condensed consolidated statement of comprehensive income data for the six months ended June 30, 2021 and June 30, 2020.

	<b>Masmovil</b>	<b>JVco</b>
	<b>For the six months ended June 30, 2020</b>	<b>For the six months ended June 30, 2021</b>
	<b>(€ in thousands)</b>	
<b>Revenue (Ingresos ordinarios)</b> .....	<b>897,416</b>	<b>1,054,420</b>
Other operating income (Otros ingresos de explotación).....	26,569	31,317
Supplies (Aprovisionamientos).....	(400,870)	(401,361)
Employee benefits expenses (Gastos por retribuciones a los empleados).....	(34,092)	(44,525)
Depreciation and amortization expenses (Gastos por depreciación y amortización).....	(154,157)	(262,560)
Impairment and result from disposals of assets (Deterioro y resultado por enajenaciones del inmovilizado).....	(7,724)	226,789
Other operating expenses (Otros gastos de explotación).....	(231,891)	(277,265)
<b>Operating profit (Resultado de explotación)</b> .....	<b>95,251</b>	<b>326,815</b>
Finance income (Ingresos financieros).....	2,339	1,447
Financial expenses (Gastos financieros).....	(87,707)	(93,696)
Change in fair value of financial instruments (Variación de valor razonable de instrumentos financieros).....	149	(3,283)
Exchange rate differences (Diferencias de cambio).....	(193)	(36)
Impairment and result from disposal of financial instruments (Deterioro y resultado por enajenaciones de instr. financieros).....	—	—
Gain on bargain purchase (Ingresos por combinación de negocios).....	1,171	—
<b>Net finance expense (Resultado financiero)</b> .....	<b>(84,241)</b>	<b>(95,568)</b>
Share of net profit of associates and joint ventures accounted for using the equity method (Resultado por sociedades puestas en equivalencia).....	(5,583)	3,562
<b>Profit before income tax (Beneficio/pérdida) antes de impuestos de actividades Continuadas)</b>	<b>5,427</b>	<b>234,809</b>
Income tax expense (Ingreso/(gasto) por impuesto sobre ganancias).....	(3,937)	(50,393)
<b>Profit for the period (Beneficio/pérdida) del periodo de actividades continuadas)</b> .....	<b>1,490</b>	<b>184,416</b>
<b>Profit for the period (Beneficio/pérdida) del periodo)</b> .....	<b>1,490</b>	<b>184,416</b>

### *Revenue (Ingresos ordinarios)*

Revenue (*Ingresos ordinarios*) for the six months ended June 30, 2021 was €1,054.4 million, an increase of €157.0 million, or 17.5%, compared to €897.4 million for the six months ended June 30, 2020. Revenue from services for the six months ended June 30, 2021 was €951.2 million, an increase of €134.1 million, or 16.4%, compared to €817.1 million for the six months ended June 30, 2020, primarily due to a mix of organic growth, including the addition of 475,000 new broadband lines and 816,000 new postpaid lines, and inorganic growth, including the acquisition of Lyca (which was completed on June 12, 2020 and consolidated our position in the prepaid mobile services segment in Spain), Energía Colectiva (which was completed on in February 2021 and expanded our range of electricity services) and Ahi+ (which was completed on December 15, 2020 and expanded our geographical reach in Andalusia, Extremadura, Castilla La Mancha and the Valencia regions of Spain) as well as the effects of the launch of our Guuk brand in July 2020, a local brand specifically targeting the Basque region. Revenue from other sales for the six months ended June 30, 2021 was €103.2 million, an increase of €22.9 million or 28.5%, compared to €80.3 million for the six months ended June 30, 2020, primarily due to the lifting of a number of restrictions previously imposed in light of the COVID-19 pandemic, including the prohibition on mobile and fixed number portability, which allowed us to increase our equipment sales.

Revenue in our residential (*residencial*) segment for the six months ended June 30, 2021 was €844.1 million, an increase of €89.2 million, or 11.8%, compared to €754.9 million for the six months ended June 30, 2020, primarily due to the addition of 271,000 new broadband lines and 353,000 new postpaid mobile lines as well as the effects of the Lyca Acquisition (which was completed on June 12, 2020) and the launch of our Guuk brand (which was launched in July 2020). Revenue in our business and wholesale (*empresas, SOHO y wholesale*) segment was €210.3 million for the six months ended June 30, 2021, compared to €142.5 million for the six months ended June 30, 2020, an increase of €67.8 million, or 47.6%, primarily due to the addition of 257,000 new broadband lines, out of which 115,000 new broadband lines were pursuant to our acquisition of Ahi+ (which we completed on December 15, 2021).

#### *Other operating income (Otros ingresos de explotación)*

Other operating income (*Otros ingresos de explotación*) for the six months ended June 30, 2021 was €31.3 million, an increase of €4.7 million, or 17.7%, compared to €26.6 million for the six months ended June 30, 2020, primarily due to an increase in revenue from network services (€6.6 million for the six months ended June 30, 2021), pursuant to which we provided services to other operators for the maintenance of their own networks, partially offset by the impact of unfavorable contracts entered into by us, including the contract entered into by us for the provision of telecommunication services with Telefónica, the contract price of which we consider to be above market price. In relation to such unfavorable contracts, as of June 30, 2021, we have made a provision of €35.3 million in our financial statements.

#### *Supplies (Aprovisionamientos)*

Supplies (*Aprovisionamientos*) for the six months ended June 30, 2021 was €401.4 million, a small increase of €0.5 million, or 0.1%, compared to €400.9 million for the six months ended June 30, 2020, primarily due to higher variable costs related to organic and inorganic growth in the number of our broadband and mobile prepaid and postpaid subscribers, including fees paid for obtaining and retaining contracts, commissions to distributors and various sales platforms. However, the incremental costs resulting from our growth were offset as a result of the renegotiation of our NRA agreements with Telefónica, which reduced the unit cost per gigabit consumed by us in the Telefónica network, but increased the data buckets available to our customers and enabled a 50% discount to customers in out-of-bucket data traffic for up to €5 million, as a result of which, Supplies (*Aprovisionamientos*) for the six months ended June 30, 2021 was at a similar level as for the six months ended June 30, 2020.

Supplies (*Aprovisionamientos*) represented 38.1% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2021, compared to 44.7% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2020.

#### *Employee benefits expenses (Gastos por retribuciones a los empleados)*

Employee benefits expenses (*Gastos por retribuciones a los empleados*) for the six months ended June 30, 2021 was €44.5 million, an increase of €10.4 million, or 30.5%, compared to €34.1 million for the six months ended June 30, 2020, primarily due to the increase in our average headcount during this period.

Employee benefits expenses (*Gastos por retribuciones a los empleados*) represented 4.2% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2021 and 3.8% for the six months ended June 30, 2020.

#### *Depreciation and amortization expenses (Gastos por depreciación y amortización)*

Depreciation and amortization expenses (*Gastos por depreciación y amortización*) for the six months ended June 30, 2021 was €262.6 million, an increase of €108.4 million, or 70.3%, compared to €154.2 million for the six months ended June 30, 2020, primarily due to the larger size of our tangible and intangible asset base as a result of the Original Acquisition and investments in the acquisition and development of IT solutions, strategic agreements signed with various operators for wholesale access to their infrastructures, such as agreement with Orange Spain and Telefónica, the joint deployment in our FTTH network with Orange Spain, Telefónica, the capitalization of fiber equipment and the increase in our deployment of fixed and mobile networks through capacity investments.

Depreciation and amortization expenses (*Gastos por depreciación y amortización*) represented 24.9% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2021, compared to 17.2% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2020.

#### *Impairment and result from disposals of assets (Deterioro y resultado por enajenaciones del inmovilizado)*

Impairment and result from disposals of assets (*Deterioro y resultado por enajenaciones del inmovilizado*) for the six months ended June 30, 2021 was a positive result of €226.8 million, an increase of €234.5 million compared to a negative result of €7.7 million for the six months ended June 30, 2020, primarily due to the impact of the setting up of the Ucles Jvco and the sale by us of 1,078,000 BUs to the Ucles Jvco on April 30, 2021.

#### *Other operating expenses (Otros gastos de explotación)*

Other operating expenses (*Otros gastos de explotación*) for the six months ended June 30, 2021 was €277.3 million, an increase of €45.4 million, or 19.6%, compared to €231.9 million for the six months ended June 30, 2020, primarily due to increased expenses incurred by us in relation to our call center (€14.6 million for the six months ended June 30, 2021), repairs and maintenance costs (€10.5 million for the six months ended June 30, 2021), advertising, publicity and public relations costs (€13.4 million for the six months ended June 30, 2021) as well as various other professional services (€6.9 million for the six months ended June 30, 2021).

Other operating expenses (*Otros gastos de explotación*) represented 26.3% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2021, compared to 25.8% of revenue (*Ingresos ordinarios*) for the six months ended June 30, 2020.

#### *Operating profit (Resultado de explotación)*

Operating profit (*Resultado de explotación*) for the six months ended June 30, 2021 was €326.8 million, an increase of €231.5 million, compared to €95.3 million for the six months ended June 30, 2020, primarily due to the factors described above.

#### *Finance income (Ingresos financieros)*

Finance income (*Ingresos financieros*) for the six months ended June 30, 2021 was €1.4 million, a decrease of €0.9 million compared to €2.3 million for the six months ended June 30, 2020, primarily due to the net effect of the decrease of interest payable under certain loans to other entities of the Group (€1.5 million), partially offset by commitment fees in connection with Ucles Jvco (€0.6 million).

#### *Financial expenses (Gastos financieros)*

Financial expenses (*Gastos financieros*) for the six months ended June 30, 2021 was €93.7 million, an increase of €6.0 million, or 6.8%, compared to €87.7 million for the six months ended June 30, 2020, primarily due to the higher accrued interest incurred on our indebtedness, partially offset by the costs associated with the SAR Plan during the six months ended June 30, 2020 (€47.0 million). We settled the SAR Plan and the related cash bonuses in full on September 1, 2020 and consequently no expenses in relation to the SAR Plan were recorded for the six months ended June 30, 2021.

#### *Change in fair value of financial instruments (Variación de valor razonable de instrumentos financieros)*

Change in fair value of financial instruments (*Variación de valor razonable de instrumentos financieros*) for the six months ended June 30, 2021 resulted in a loss of €3.3 million, a decrease of €3.4 million compared to a gain of €0.1 million for the six months ended June 30, 2020, primarily due to the valuation of certain financial derivative instruments (€1.2 million), the depreciation of investment in certain entities of the Group (€2.0 million) and our terminal financing agreements (€0.2 million).

#### *Gain on bargain purchase (Ingresos por combinación de negocios)*

Gain on bargain purchase (*Ingresos por combinación de negocios*) for the six months ended June 30, 2020 was €1.2 million, due to the recognition of income in connection with the acquisition of a business unit from Ocean Network, S.L. as a result of the valuation of the customer portfolio acquired and the other synergies inherent to the business combination. There was no result from gain on bargain purchase for the six months ended June 30, 2021.

#### *Financial results (Resultado financiero)*

Financial results (*Resultado financiero*) for the six months ended June 30, 2021 represented an expense of €95.6 million, an increase of €11.4 million, or 13.5%, compared to an expense of €84.2 million for the six months ended June 30, 2020, due to the factors described above.

*Profit before income tax (Beneficio/(Pérdida) antes de impuestos de actividades Continuadas)*

Profit before income tax (*Beneficio/(Pérdida) antes de impuestos de actividades continuadas*), for the six months ended June 30, 2021 was €234.8 million, compared to a profit of €5.4 million for the six months ended June 30, 2020, an increase of €229.4 million, due to the factors described above.

*Income tax expense (Ingreso/(Gasto) por impuesto sobre ganancias)*

Income tax expense (*Ingreso/(Gasto) por impuesto sobre ganancias*) for the six months ended June 30, 2021 was €50.4 million, compared to an income tax income (*Ingreso/(Gasto) por impuesto sobre ganancias*) of €3.9 million for the six months ended June 30, 2020, primarily due to the profit from continuing operations, before income tax, for the period.

*Profit for the period (Beneficio/(Pérdida) del periodo de actividades continuadas)*

Profit for the period from continuing operations (*Beneficio/(Pérdida) del periodo de actividades continuadas*) for the six months ended June 30, 2021 was €184.4 million, compared to a profit of €1.5 million for the six months ended June 30, 2020, an increase of our result of €182.9 million, due to the factors described above.

*Profit for the period (Beneficio/(Pérdida) del periodo)*

Profit (*Beneficio/(Pérdida) del periodo*) for the six months ended June 30, 2021 was €184.4 million, compared to a profit of €1.5 million for the six months ended June 30, 2020, an increase of our result of €182.9 million, due to the factors described above.

***For the year ended December 31, 2020 compared to the year ended December 31, 2019***

The below table sets forth our consolidated statement of comprehensive income data for the years ended December 31, 2020 and December 31, 2019.

**Consolidated Statement of Comprehensive Income**

	Masmovil		JVco	Aggregated <sup>(1)</sup>
	For the year ended December 31, 2019	Nine months ended September 30, 2020	For the period from March 4, 2020 to December 31, 2020	Year ended December 31, 2020
	(€ in thousands)			
<b>Revenue (Ingresos ordinarios)</b> .....	<b>1,680,677</b>	<b>1,409,871</b>	<b>520,352</b>	<b>1,930,223</b>
Other operating income ( <i>Otros ingresos de explotación</i> ).....	65,348	39,551	19,836	59,387
Supplies ( <i>Aprovisionamientos</i> ).....	(804,404)	(629,456)	(204,159)	(833,615)
Employee benefits expenses ( <i>Gastos por retribuciones a los empleados</i> ) .....	(67,332)	(52,847)	(21,573)	(74,420)
Depreciation and amortization expenses ( <i>Gastos por depreciación y amortización</i> ) .....	(271,818)	(254,458)	(131,750)	(386,208)
Impairment and result from disposals of assets ( <i>Deterioro y resultado por enajenaciones del inmovilizado</i> ) .....	112,205	(7,724)	(12,271)	(19,995)
Other operating expenses ( <i>Otros gastos de explotación</i> ) .....	(424,357)	(353,918)	(204,128)	(558,046)
<b>Operating profit/(loss) (Resultado de explotación)</b> .....	<b>290,319</b>	<b>151,019</b>	<b>(33,693)</b>	<b>117,326</b>
Financial income ( <i>Ingresos financieros</i> ) .....	5,975	3,526	1,955	5,481
Financial expenses ( <i>Gastos financieros</i> ) .....	(226,610)	(160,909)	(69,346)	(230,255)
Change in fair value of financial instruments ( <i>Variación de valor razonable de instrumentos financieros</i> ).....	580	(33)	669	636
Exchange rate differences ( <i>Diferencias de cambio</i> ).....	(44)	(163)	37	(126)
Impairment and result from disposal of financial instruments ( <i>Deterioro y resultado por enajenaciones de instr. financieros</i> )....	(149)	901	—	901
<b>Financial results (Resultado financiero)</b> .....	<b>(220,248)</b>	<b>(156,678)</b>	<b>(66,685)</b>	<b>(223,363)</b>
Results from investments accounted for using the equity method ( <i>Resultado por sociedades puestas en equivalencia</i> ).....	(5,000)	(8,558)	5,627	(2,931)
<b>Profit/(Loss) before income tax (Beneficio/(pérdida) antes de impuestos de actividades continuadas)</b> .....	<b>65,071</b>	<b>(14,217)</b>	<b>(94,751)</b>	<b>(108,968)</b>
Income tax income/(expense) ( <i>Ingreso/(gasto) por impuesto sobre ganancias</i> ).....	28,141	2,503	28,569	31,072

	Masmovil		JVco	Aggregated <sup>(1)</sup>
	For the year ended December 31, 2019	Nine months ended September 30, 2020	For the period from March 4, 2020 to December 31, 2020	Year ended December 31, 2020
	(€ in thousands)			
Profit/(Loss) for the year from continuing operations (Beneficio/(pérdida) del ejercicio de actividades continuadas)....	93,212	(11,714)	(66,182)	(77,896)
Profit/(Loss) for the year (Beneficio/(pérdida) del ejercicio) .....	<u>93,212</u>	<u>(11,714)</u>	<u>(66,182)</u>	<u>(77,896)</u>

(1) Represents our unaudited supplementary non-IFRS Aggregated Financial Information for the year ended December 31, 2020, which is calculated by aggregating (a) the historical audited consolidated financial information of Masmovil for the nine-month period ended September 30, 2020 and (b) the historical audited consolidated financial information of JVco for the period from March 4, 2020 (the date of JVco's incorporation) to December 31, 2020. Prior to the Original Acquisition, JVco and its subsidiaries had no revenue-generating activities of their own and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation.

#### Revenue (Ingresos ordinarios)

Aggregated revenue (*Ingresos ordinarios*) for the year ended December 31, 2020 was €1,930.2 million (nine months ended September 30, 2020: €1,409.9 million; period from March 4, 2020 to December 31, 2020: €520.3 million), an increase of €249.5 million, or 14.8%, compared to €1,680.7 million for the year ended December 31, 2019. Aggregated revenue from services (*Prestación de servicios*) for the year ended December 31, 2020 was €1,741.0 million (nine months ended September 30, 2020: €1,278.8 million; period from March 4, 2020 to December 31, 2020: €462.2 million), an increase of €278.9 million, or 19.1%, compared to €1,462.1 million for the year ended December 31, 2019, primarily due to a mix of organic growth, through the addition of 417,000 new broadband lines and 805,000 new postpaid lines, and inorganic growth, through the acquisition of Lyca (which was completed on June 12, 2020 and consolidated our position in the prepaid mobile services segment in Spain) as well as the effects of the launch of our Guuk in July 2020, a local brand specifically targeting the Basque region. Aggregated revenue from other sales for the year ended December 31, 2020 was €189.2 million (nine months ended September 30, 2020: €131.1 million; period from March 4, 2020 to December 31, 2020: €58.1 million), a decrease of €29.4 million, or 13.4%, compared to €218.6 million for the year ended December 31, 2019, primarily due to the effects of a number of restrictions imposed in light of the COVID-19 pandemic, including prohibition on mobile and fixed number portability, which led to a decrease in our equipment sales.

Aggregated revenue in our residential business (*Ingreso ordinario residencial*) for the year ended December 31, 2020 was €1,628.4 million (nine months ended September 30, 2020: €1,206.1 million; period from March 4, 2020 to December 31, 2020: €422.2 million), an increase of €159.3 million, or 10.8%, compared to €1,469.0 million for the year ended December 31, 2019, primarily due to the addition of 302,000 new broadband lines and 335,000 new postpaid mobile lines and the effects of the Lyca Acquisition. Aggregated revenue in our business and wholesale segment (*Ingreso ordinario empresas y wholesale*) was €301.9 million (nine months ended September 30, 2020: €203.8 million; period from March 4, 2020 to December 31, 2020: €98.1 million), compared to €211.6 million for the year ended December 31, 2019, an increase of €90.3 million, or 42.7%, primarily due to the addition of 115,000 new broadband lines and 469,000 new postpaid mobile lines.

#### Other operating income (Otros ingresos de explotación)

Aggregated other operating income (*Otros ingresos de explotación*) for the year ended December 31, 2020 was €59.4 million (nine months ended September 30, 2020: €39.6 million; period from March 4, 2020 to December 31, 2020: €19.8 million), a decrease of €5.9 million, or 9.0% compared to €65.3 million for the year ended December 31, 2019, primarily due to the impact of our participation in unfavorable contracts, partially offset by an increase in revenue from network services, pursuant to which we provided services to other operators for the maintenance of their own networks.

#### Supplies (Aprovisionamientos)

Aggregated supplies (*Aprovisionamientos*) for the year ended December 31, 2020 was €833.6 million (nine months ended September 30, 2020: €629.5 million; period from March 4, 2020 to December 31, 2020: €204.2 million), an increase of €29.2 million, or 3.6%, compared to €804.4 million for the year ended December 31, 2019, primarily due to higher variable costs related to organic and inorganic growth in the number of our broadband and mobile prepaid and postpaid subscribers, including fees paid for obtaining and retaining contracts,

commissions to distributors and various sales platforms. The incremental costs resulting from our growth were partially offset as a result of the renegotiation of our NRA agreements, which reduced the unit cost per gigabit consumed by us in the Telefónica network, but increased the data buckets available to our customers and enabled a 50% discount to customers in out-of-bucket data traffic for up to €5 million. Furthermore, the incremental costs resulting from our growth were also partially offset as a result of lower quantity of and therefore lower cost for merchandise and handsets due to the closure of our physical stores as a result of the COVID-19 pandemic.

Aggregated supplies (*Aprovisionamientos*) represented 43.2% of aggregated revenue (*Ingresos ordinarios*) for the year ended December 31, 2020, compared to 47.9% of revenue for the year ended December 31, 2019.

#### *Employee benefits expenses (Gastos por retribuciones a los empleados)*

Aggregated employee benefits expenses (*Gastos por retribuciones a los empleados*) for the year ended December 31, 2020 was €74.4 million (nine months ended September 30, 2020: €52.8 million; period from March 4, 2020 to December 31, 2020: €21.6 million), an increase of €7.1 million, or 10.5%, compared to €67.3 million for the year ended December 31, 2019, primarily due to the increase in our average headcount during this period.

Aggregated employee benefits expenses (*Gastos por retribuciones a los empleados*) represented 3.9% of aggregated revenue (*Ingresos ordinarios*) for the year ended December 31, 2020, compared to 4.0% of revenue for the year ended December 31, 2019.

#### *Depreciation and amortization expenses (Gastos por depreciación y amortización)*

Aggregated depreciation and amortization expenses (*Gastos por depreciación y amortización*) for the year ended December 31, 2020 was €386.2 million (nine months ended September 30, 2020: €254.5 million; period from March 4, 2020 to December 31, 2020: €131.8 million), an increase of €114.4 million, or 42.1%, compared to €271.8 million for the year ended December 31, 2019, primarily due to the larger size of our tangible and intangible asset base as a result of the Original Acquisition and other acquisitions and investments in network equipment and network infrastructure, such as in connection with the deployment of our FTTH fiber network as well as new IRUs obtained pursuant to arrangements entered into with Orange Spain and Telefónica.

Aggregated depreciation and amortization expenses (*Gastos por depreciación y amortización*) represented 20.0% of aggregated revenue for the year ended December 31, 2020, compared to 16.2% of revenue for the year ended December 31, 2019.

#### *Impairment and result from disposals of assets (Deterioro y resultado por enajenaciones del inmovilizado)*

Aggregated impairment and result from disposals of assets (*Deterioro y resultado por enajenaciones del inmovilizado*) for the year ended December 31, 2020 was a negative result of €20.0 million (nine months ended September 30, 2020: negative €7.7 million; period from March 4, 2020 to December 31, 2020: negative €12.3 million), a decrease of €132.2 million compared to a positive result of €112.2 million for the year ended December 31, 2019, entirely due to the net effect of the impairment recognized in relation to routers that are returned to us when customers terminate their contract, which are not recoverable for subsequent use, and the costs associated with their de-installation.

#### *Other operating expenses (Otros gastos de explotación)*

Aggregated other operating expenses (*Otros gastos de explotación*) for the year ended December 31, 2020 was €558.0 million (nine months ended September 30, 2020: €353.9 million; period from March 4, 2020 to December 31, 2020: €204.1 million), an increase of €133.6 million, or 31.5%, compared to €424.4 million for the year ended December 31, 2019, primarily due to costs, fees and expenses incurred for advisory services in connection with the Original Acquisition (€77.7 million).

Aggregated other operating expenses (*Otros gastos de explotación*) represented 28.9% of aggregated revenue (*Ingresos ordinarios*) for the year ended December 31, 2020, compared to 25.3% of revenue for the year ended December 31, 2019.

#### *Operating profit/(loss) (Resultado de explotación)*

Aggregated operating profit (*Resultado de explotación*) for the year ended December 31, 2020 was €117.3 million (nine months ended September 30, 2020: €151.0 million; period from March 4, 2020 to December 31, 2020: negative €33.7 million), a decrease of €173.0 million, or 59.7%, compared to €290.3 million for the year ended December 31, 2019, due to the factors described above.

#### *Financial income (Ingresos financieros)*

Aggregated financial income (*Ingresos financieros*) for the year ended December 31, 2020 was €5.5 million (nine months ended September 30, 2020: €3.5 million; period from March 4, 2020 to December 31, 2020: €2.0 million), a decrease of €0.5 million compared to €6.0 million for the year ended December 31, 2019, primarily due to the lower interest rate on the €3.6 million line of credit granted to Cabonitel S.A. (“**Cabonitel**”), which was subsequently drawn down in full by Cabonitel on December 31, 2020.

#### *Financial expenses (Gastos financieros)*

Aggregated financial expenses (*Gastos financieros*) for the year ended December 31, 2020 was €230.2 million (nine months ended September 30, 2020: €160.9 million; period from March 4, 2020 to December 31, 2020: €69.3 million), an increase of €3.6 million, or 1.6%, compared to €226.6 million for the year ended December 31, 2019, primarily due to the repayment of bank borrowings in connection with the Original Acquisition, one-off accounting losses recognized as a result of the repurchase of the Convertible Bonds and Collar as well as the impact of the revaluation of the SAR Plan during the same period.

#### *Impairment and result from disposal of financial instruments (Deterioro y resultado por enajenaciones de instr. financieros)*

Aggregated impairment and result from disposal of financial instruments (*Deterioro y resultado por enajenaciones de instrumentos financieros*) for the year ended December 31, 2020 resulted in a gain of €0.9 million (nine months ended September 30, 2020: €0.9 million; period from March 4, 2020 to December 31, 2020: nil), an increase of €1.0 million compared to a loss of €0.1 million for the year ended December 31, 2019, primarily due to a bargain purchase gain (€1.2 million) recognized in connection with the acquisition of a business unit from Ocean Network, S.L.

#### *Financial results (Resultado financiero)*

Aggregated financial results (*Resultado financiero*) for the year ended December 31, 2020 represented an expense of €223.4 million (nine months ended September 30, 2020: €156.7 million; period from March 4, 2020 to December 31, 2020: €66.7 million), an increase of €3.2 million compared to an expense of €220.2 million for the year ended December 31, 2019, due to factors described above.

#### *Results from investments accounted for using the equity method (Resultado por sociedades puestas en equivalencia)*

Aggregated results from equity-consolidated investments (*Resultado por sociedades puestas en equivalencia*) for the year ended December 31, 2020 represented an expense of €2.9 million (nine months ended September 30, 2020: an expense of €8.6 million; period from March 4, 2020 to December 31, 2020: a profit of €5.6 million), compared to an expense of €5.0 million for the year ended December 31, 2019.

#### *Profit/(Loss) from continuing operations, before income tax (Beneficio/ (Pérdida) antes de impuestos de actividades Continuas)*

Aggregated loss for the year from continuing operations, before income tax (*Beneficio/ (Pérdida) antes de impuestos de actividades continuadas*), for the year ended December 31, 2020 was €109.0 million (nine months ended September 30, 2020: €14.2 million; period from March 4, 2020 to December 31, 2020: €94.8 million), compared to a profit of €65.1 million for the year ended December 31, 2019, a decrease of €174.1 million, due to the factors described above.



*Income tax income/(expense) (Ingreso/(Gasto) por impuesto sobre ganancias)*

Aggregated income tax income (*Ingreso/(Gasto) por impuesto sobre ganancias*) for the year ended December 31, 2020 was €31.1 million (nine months ended September 30, 2020: €2.5 million; period from March 4, 2020 to December 31, 2020: €28.6 million), compared to an expense of €28.1 million for the year ended December 31, 2019, primarily due to the effects of tax credit of €40 million recognized in 2019 for tax losses carried forward partially offset by the recognition of certain deferred tax assets and deferred tax liabilities.

*Profit/(Loss) for the year from continuing operations (Beneficio/(Pérdida) del ejercicio de actividades continuadas)*

Aggregated loss for the year from continuing operations (*Beneficio/(Pérdida) del ejercicio de actividades continuadas*) for the year ended December 31, 2020 was €77.9 million (nine months ended September 30, 2020: €11.7 million; period from March 4, 2020 to December 31, 2020: €66.2 million), compared to a profit of €93.2 million for the year ended December 31, 2019, a decrease of €171.1 million, due the factors described above.

*Profit/(Loss) for the year (Beneficio/(Pérdida) del ejercicio)*

Aggregated loss for the year (*Beneficio/(Pérdida) del ejercicio*) ended December 31, 2020 was €77.9 million (nine months ended September 30, 2020: €11.7 million; period from March 4, 2020 to December 31, 2020: €66.2 million), compared to a profit of €93.2 million for the year ended December 31, 2019, a decrease of €171.2 million, due to the factors described above.

**Capital Expenditure**

Our capital expenditure primarily consists of Network Capital Expenditure (which represents capital expenditure relating to expansion or improvement of our network infrastructure and is calculated as the sum of capital expenditure relating to (i) the deployment of our FTTH network, either on our own or jointly with other operators through IRU agreements and (ii) other initiatives to expand or improve our mobile and fixed network and Commercial Infrastructure Capital Expenditure (which represents capital expenditure necessary to maintain and expand our commercial infrastructure consisting of our FTTH and mobile network, and is calculated as the sum of capital expenditure relating to (i) replacement and/or maintenance of our commercial infrastructure and (ii) growth of our commercial infrastructure. In addition, we also incur capital expenditures in relation to certain other commercial assets, IT assets, BU assets, the 3500 MHz spectrum band licensed by us, integration of assets and businesses acquired by us (excluding capital expenditure in connection with our bolt-on acquisitions), capital expenditures relating to certain non-current assets, and certain other categories of capital expenditures on tangible and intangible assets.

For the year ending December 31, 2021, we expect our Network Capital Expenditure to be approximately €381 million, of which we expect approximately €297 million to be in relation to the deployment of our FTTH network and approximately €84 million to be in relation to certain initiatives to expand or improve our mobile and fixed network. We expect our Commercial Infrastructure Capital Expenditure to be approximately €204 million, of which we expect approximately €116 million to be in relation to replacement and/or maintenance and approximately €88 million to be in relation to growth, such as installation of routers and other equipment for our customers. In addition to Network Capital Expenditure and Commercial Infrastructure Capital Expenditure, we expect to incur approximately €141 million of other capital expenditure, primarily in relation to IT assets (approximately €37 million), investments in exclusive stores and distributors and hardware equipment (approximately €16 million), 3500 MHz spectrum band (approximately €17 million), cybersecurity, strategic, regulatory and automatization projects (approximately €15 million), capital expenditure on certain other non-current assets relating to our agreements with Orange Spain (approximately €35 million) and integration initiatives (€21 million). In connection with the Acquisition, in addition to certain cost savings and synergies which are included in our Pro Forma Further Adjusted EBITDA, we also expect to achieve cost savings in relation to our capital expenditure of approximately €8 million in relation to IT infrastructure and systems, beginning 2024.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE TARGET GROUP**

*For the six months ended June 30, 2021 compared to the six months ended June 30, 2020*

	For the six months ended June 30,	
	2020	2021
	(€ in thousands)	
<b>Revenue (<i>Importe neto de la cifra de negocios</i>)</b> .....	<b>334,668</b>	<b>338,836</b>
Work performed by the entity and capitalized ( <i>Trabajos realizados por la empresa para su activo</i> ).....	8,477	9,567
Supplies ( <i>Aprovisionamientos</i> ).....	(84,269)	(106,441)
Other operating income ( <i>Otros ingresos de explotación</i> ).....	280	43
Personnel expenses ( <i>Gastos de personal</i> ).....	(20,082)	(23,900)
Other operating expenses ( <i>Otros gastos de explotación</i> ).....	(72,942)	(87,557)
Amortization and depreciation ( <i>Amortización del inmovilizado</i> ).....	(95,424)	(119,825)
<b>Results from operating activities (<i>Resultado de explotación</i>)</b> .....	<b>70,708</b>	<b>10,723</b>
Finance income ( <i>Ingresos financieros</i> ).....	361	206
Finance cost ( <i>Gastos financieros</i> ).....	(27,102)	(23,792)
Net finance income/cost ( <i>Resultado financiero</i> ).....	(26,741)	(23,586)
Profit before income tax ( <i>Resultado antes de impuestos</i> ).....	43,967	(12,863)
Income tax ( <i>Impuesto sobre beneficios</i> ).....	(8,412)	7,337
<b>Profit for the period (<i>Resultado del ejercicio</i>)</b> .....	<b>35,555</b>	<b>(5,526)</b>

*Revenue (Importe neto de la cifra de negocios)*

The Target Group's revenue (*Importe neto de la cifra de negocios*) for the six months ended June 30, 2021 was €338.8 million, as compared to €334.7 million for the six months ended June 30, 2020, representing a €4.1 million, or 1.2%, increase, primarily due to the impact of the growth of Virgin telco and the positive trend in demand for services and equipment from the business market segment, both of which resulted in an increase of our market share. The revenue in the mass market segment (*Ingresos de clientes mercado masivo*) increased 0.3% compared to the six months ended June 30, 2020, while the business segment increased 5.7% compared to the prior period.

*Work performed by the entity and capitalized (Trabajos realizados por la empresa para su activo)*

The Target Group's work performed by the entity and capitalized (*Trabajos realizados por la empresa para su activo*) for the six months ended June 30, 2021 was €9.6 million, as compared to €8.5 million for the six months ended June 30, 2020, representing an increase of €1.1 million, or 12.9%, primarily due to the launch of Virgin telco and the impact of Target Group's network retrofit project.

*Supplies (Aprovisionamientos)*

The Target Group's supplies (*Aprovisionamientos*) for the six months ended June 30, 2021 cost €106.4 million, as compared to €84.3 million for the six months ended June 30, 2020, representing a €22.1 million, or 26.2%, increase, primarily due to the increase of revenue associated to sales of customer equipment and the need to service such equipment, as well as the larger share of the Target Group's client-base using third-party networks as a result of the launch of Virgin telco.

*Other operating income (Otros ingresos de explotación)*

The Target Group's other income (*Otros ingresos de explotación*) for the six months ended June 30, 2021 was €43.0 thousand as compared to €280.0 thousand for the six months ended June 30, 2020, primarily due to a decrease in the number of grants received by the Target Group during the six months ended June 30, 2021 as compared to the six months ended June 30, 2020.

#### *Personnel expenses (Gastos de personal)*

The Target Group's personnel expenses (*Gastos de personal*) for the six months ended June 30, 2021 were €23.9 million, as compared to €20.1 million for the six months ended June 30, 2020, representing an increase of €3.8 million, or 18.9%. This increase was attributable to an increase in expenses in relation to Target Group's incentive plan ("**Target Incentive Plan**") (€2.2 million) and an increase in redundancy payments (€0.8 million).

#### *Other operating expenses (Otros gastos de explotación)*

The Target Group's other operating expenses (*Otros gastos de explotación*) for the six months ended June 30, 2021 were €87.6 million, as compared to €72.9 million for the six months ended June 30, 2020, representing an increase of €14.7 million, or 20.2%, primarily due to the Target Group's nation-wide expansion program in connection with the launch of Virgin telco, costs and expenses incurred for advisory services in connection with the Acquisition and losses caused by higher levels of bad trade debt.

#### *Amortization and Depreciation (Amortización del inmovilizado)*

The Target Group's amortization and depreciation (*Amortización del inmovilizado*) for the six months ended June 30, 2021 was €119.8 million, as compared to €95.4 million for the six months ended June 30, 2020, representing an increase of €24.4 million, or 25.6%, primarily due to an increase in depreciation of the Target Group's cable network by €25 million as a result of the expansion of the Target Group's new FTTH fiber optic network.

#### *Results from operating activities (Resultado de explotación)*

The Target Group's results from operating activities (*Resultado de explotación*) decreased by €60.0 million or 84.9%, to €10.7 million for the six months ended June 30, 2021 from €70.7 million for the six months ended June 30, 2020, due to the factors described above.

#### *Profit before income tax (Resultado antes de impuestos)*

The Target Group recorded a loss before income tax (*Resultado antes de impuestos*) for the six months ended June 30, 2021 of €12.9 million, as compared to a profit before income tax (*Resultado antes de impuestos*) of €44.0 million for the six months ended June 30, 2020, representing a €56.9 million decrease, due to the factors described above and an increase in our net finance costs.

#### *Income Tax (Impuesto sobre beneficios)*

The Target Group's income tax income (*Impuesto sobre beneficios*) for the six months ended June 30, 2021 were €7.3 million, as compared to an income tax expense of €8.4 million for the six months ended June 30, 2020, representing a €15.7 million decrease, primarily due to the expected tax credit for investments in fixed assets due to the expansion the Target Group's FTTH network.

#### *Profit for the period (Resultado del ejercicio)*

The Target Group's loss for the period (*Resultado del ejercicio*) was €5.5 million for the six months ended June 30, 2021, as compared to a profit of €35.6 million for the six months ended June 30, 2020, due to the factors described above.

*For the year ended December 31, 2020 compared to the year ended December 31, 2019*

	For the year ended December 31,	
	2020	2019
	(€ in thousands)	
<b>Revenue (<i>Importe neto de la cifra de negocios</i>)</b> .....	<b>677,785</b>	<b>668,303</b>
Work performed by the entity and capitalized ( <i>Trabajos realizados por la empresa para su activo</i> ).....	19,176	16,763
Supplies ( <i>Aprovisionamientos</i> ).....	(181,718)	(163,257)
Other operating income ( <i>Otros ingresos de explotación</i> ).....	139	404
Personnel expenses ( <i>Gastos de personal</i> ).....	(42,107)	(58,713)
Other operating expenses ( <i>Otros gastos de explotación</i> ).....	(151,183)	(149,608)
Depreciation and amortization ( <i>Depreciación y amortización del inmovilizado</i> ).....	(196,502)	(193,096)
<b>Results from operating activities (<i>Resultado de explotación</i>)</b> .....	<b>125,590</b>	<b>120,796</b>
Finance income ( <i>Ingresos financieros</i> ).....	1,574	610
Finance cost ( <i>Gastos financieros</i> ).....	(60,460)	(49,888)
Net finance income/cost ( <i>Resultado financiero</i> ).....	(58,886)	(49,278)
Profit before income tax ( <i>Resultado antes de impuestos</i> ).....	66,704	71,518
Income tax ( <i>Impuesto sobre beneficios</i> ).....	12,662	(9,500)
<b>Profit for the year (<i>Resultado del ejercicio</i>)</b> .....	<b>79,366</b>	<b>62,018</b>

*Revenue (Importe neto de la cifra de negocios)*

The Target Group's revenue (*Importe neto de la cifra de negocios*) for the year ended December 31, 2020 was €677.8 million, as compared to €668.3 million for the year ended December 31, 2019, representing a €9.5 million, or 1.4%, increase, primarily due to higher sales of customer equipment and the growth of Virgin telco, as well as the provision of additional services in the business market segment in light of the COVID-19 pandemic.

*Work performed by the entity and capitalized (Trabajos realizados por la empresa para su activo)*

The Target Group's work performed by the entity and capitalized (*Trabajos realizados por la empresa para su activo*) for the year ended December 31, 2020 was €19.2 million, as compared to €16.8 million for the year ended December 31, 2019, representing an increase of €2.4 million, or 14.3%, primarily due to the acquisition of tangible and intangible assets recognized at acquisition or production costs, the latter of which are capitalized in the income statement as work performed by the entity and capitalized on the Target Group's income statement.

*Supplies (Aprovisionamientos)*

The Target Group's supplies (*Aprovisionamientos*) for the year ended December 31, 2020 cost €181.7 million, as compared to €163.3 million for the year ended December 31, 2019, representing a €18.4 million, or 11.3%, increase in cost, primarily due to the increase of revenue associated to sales of customer equipment and the need to service such equipment, as well as the larger share of the Target Group's client base using third-party networks as a result of the launch of Virgin telco.

*Other operating income (Otros ingresos de explotación)*

The Target Group's other income (*Otros ingresos de explotación*) for the year ended December 31, 2020 was €0.1 million, as compared to €0.4 million for the year ended December 31, 2019, representing a €0.3 million decrease.

*Personnel expenses (Gastos de personal)*

The Target Group's personnel expenses (*Gastos de personal*) for the year ended December 31, 2020 were €42.1 million, as compared to €58.7 million for the year ended December 31, 2019, representing a decrease of €16.6 million, or 28.3%, in expenses, primarily due to a decrease in expenses in relation to the Target Incentive Plan and redundancy payments.

#### *Other operating expenses (Otros gastos de explotación)*

The Target Group's other operating expenses (*Otros gastos de explotación*) for the year ended December 31, 2020 were €151.2 million, as compared to €149.6 million for the year ended December 31, 2019, representing an increase of €1.6 million, or 1.1%, in expenses, primarily due to one-off costs associated with the launch of Virgin telco, partially offset by the successful implementation of certain cost-saving initiatives implemented by the Target Group to improve intragroup efficiencies.

#### *Depreciation and amortization (Depreciación y amortización del inmovilizado)*

The Target Group's depreciation and amortization (*Depreciación y amortización del inmovilizado*) for the year ended December 31, 2020 was €196.5 million, as compared to €193.1 million for the year ended December 31, 2019, representing an increase of €3.4 million, or 1.8%, in depreciation and amortization, primarily due to changes in the residual useful life of certain cable equipment of the Target Group.

#### *Results from operating activities (Resultado de explotación)*

The Target Group's results from operating activities (*Resultado de explotación*) increased by €4.8 million to €125.6 million for the year ended December 31, 2020 from €120.8 million for the year ended December 31, 2019, due to the factors described above.

#### *Profit before income tax (Resultado antes de impuestos)*

The Target Group's profit before income tax (*Resultado antes de impuestos*) for the year ended December 31, 2020 was €66.7 million, as compared to a profit before income tax of €71.5 million for the year ended December 31, 2019, representing a €4.8 million decrease, due to the factors described above and an increase in our net finance costs.

#### *Income Tax (Impuesto sobre beneficios)*

The Target Group's income tax income (*Impuesto sobre beneficios*) for the year ended December 31, 2020 were €12.7 million, as compared to an expense of €9.5 million for the year ended December 31, 2019, representing a €22.2 million decrease, primarily due to the capitalization of certain double taxation deductions generated in 2013 and 2014 but which had not been recognized until 2020.

The Target Group has paid €23.5 million and €16.8 million in income taxes for the years ended December 31, 2020 and 2019, respectively.

#### *Profit for the Year (Resultado del ejercicio)*

The Target Group's profit for the year (*Resultado del ejercicio*) increased by €17.4 million, or 28.1%, to €79.4 million for the year ended December 31, 2020 from €62.0 million for the year ended December 31, 2019, due to the factors described above.