



Management Report

For the six months ended 30 June 2024



Financial and operational review

The most significant event in the 6 months to 30 June 2024 was the completion of the acquisition by Zegona Communications Plc ("**the Company**") and subsidiaries ("**the Zegona Group**") of Vodafone Group Plc's Spanish business comprising Vodafone Holdings Europe S.L.U., and the trading entities Vodafone España S.A.U., Vodafone ONO S.A.U. Vodafone Servicios, S.L.U. and Vodafone Energía S.L.U. (together "**Vodafone Spain**" and with the Zegona Group "**the Group**"), on 31 May 2024.

The completion of the acquisition underlines the Zegona Group's on-going focus on finding the best opportunities within the European telecommunications market to enable the Zegona Group's management team to successfully apply their proven strategic capabilities to drive attractive returns for the Group's shareholders.

Since the date of acquisition, management has initiated a number of steps within their plan for the transformation of Vodafone Spain including:

- On 17 July 2024, the successful refinancing of the acquisition financing with long-term financing placed with Spanish and international institutional investors;
- On 24 July 2024, Zegona Group announced that Vodafone ONO, S.A.U. and MasOrange, S.L. signed a confidential non-binding term sheet setting out the proposed key terms for a national network sharing agreement creating a joint fibre network company ("FibreCo"). This will cover approximately 11.5 million premises across Spain and will provide fibre access services to both companies within this footprint;
- On 31 July 2024, Zegona Group announced that Vodafone ONO, S.A.U. and Telefonica de Espana, S.A.U. signed a confidential non-binding term sheet setting out the proposed key terms to create a new fibre network company covering approximately 3.5 million premises, providing fibre access services to both companies within this footprint;
- On 12 September 2024, Zegona Group announced that Vodafone ONO S.A.U. and Telefonica de Espana S.A.U. signed a confidential non-binding term sheet for the renewal of the current fibre access services on Telefonica's footprint. This complements the two announced FibreCo deals and completes the transformation of Vodafone Spain's fixed line strategy. The combination of these fibre transactions ensures Vodafone Spain will have long term, economically advantaged access to full national fibre coverage enabling it to offer the most technically advanced connectivity services to all its customers;
- Changes to the senior management team of Vodafone Spain to bring in new leadership and ensure greater focus on the key business drivers; and
- The implementation of the required rationalisation of the Vodafone Spain organisation, creating a more efficient and effective structure for the future needs of the business.

Further information on the above actions can be found on the Zegona website (www.zegona.com).

The Group's Financial Performance

The Group's performance for the 6 months ended 30 June 2024 comprises 6 months of operations of the Zegona Group and one month of Vodafone Spain, resulting in a loss for the period of €46.0m (€1.8m in the 6 months ended 30 June 2023), with the current period results including one-off transaction related expenses of €19.6m.

Post acquisition, in July 2024, the Group received strong credit ratings including corporate and secured ratings from S&P at BB (Positive) and BB respectively, Moody's at Ba3 (Positive) and Ba3, and Fitch at BB+ and BBB-.

Acquisition of Vodafone Spain

On 31 May 2024, the Zegona Group completed the acquisition of 100% of Vodafone Spain for a headline purchase price of €5 billion. The details of the resulting Purchase Price Allocation "PPA", are covered in more detail in note 7.

Principal and emerging risks

Management has carried out robust assessments of the principal and emerging risks facing the Group, including those that would threaten the business model, future performance, solvency or liquidity. There is a full list of principal and emerging risks set out in the Prospectus document dated 13 November 2023, but the most pertinent are set out below:

Ability to create value in acquired businesses

The Zegona Group's acquisition of Vodafone Spain is based on a detailed assessment of Vodafone Spain's business, including identifying where Zegona management can create considerable value through its proven long term improvement strategy. We have a disciplined approach to valuation and, ultimately, we are only prepared to make investments on attractive terms and after undertaking thorough due diligence. We believe Vodafone Spain meets our investment criteria in that it is a business with a significant underlying asset base, high-quality customer offerings and a strong position in a market with good fundamentals but which is underperforming its potential and has scope for improved long term performance and cash flow delivery.

In addition, the success of the Zegona Group's investment in Vodafone Spain will depend on our ability to implement our identified strategic, operational and financial changes to refocus the business and improve its operational efficiency to deliver our financial targets. Implementing these change programmes will require changes to business assets, operating and financial processes, business systems, management techniques and personnel, including senior management.

We first started operating in the Spanish telecommunications market in 2015, with the acquisition of Telecabal until the sale of Euskatel in March 2021. We have continued to monitor the Spanish Telecommunications markets, given our deep understanding of the market, its key drivers and the main operators. We have evaluated Vodafone Spain's market position, business strategies and operational performance over an extended period of time pre-acquisition. This has enabled us to identify multiple improvement opportunities and develop a detailed action plan to ensure these are delivered. This sets out the specific actions to be taken within each business area and the expected improvements to be delivered from each. It also includes the costs for the required restructuring which are included in our financial projections. As a result, we are confident we can materially improve the performance and financial returns from the business over the business plan period.

Reliance on key management

The Group's operations are currently managed by the Chief Executive Officer, supported by the Chief Operating Officer, the Investment Director and the Chief Financial Officer, who work closely with the Vodafone Spain senior management team. The absence or loss of key management could significantly impede our financial plans.

We aim to retain our key staff by offering remuneration packages at market rates, as well as long term incentives through the issue of Management Shares and other management incentive plans. Post-acquisition, the Group has been and continues to strengthen its team through the selective hiring of a small number of highly qualified personnel to support the implementation of our plans for Vodafone Spain.

Foreign exchange

The Group originally raised debt in Euros and is effectively managing the exposure to currency risk (see Note 14 for details on post interim period re-financing). The Board of Directors of the Company ("**the Board**") and the Chief Financial Officer control and monitor financial risk management, including foreign currency risk, in accordance with the internal policy and the strategic plan defined by the Board.



Unaudited Condensed Consolidated Interim
Financial Statements

For the six months ended 30 June 2024

For the six months ended 30 June

	Notes	Unaudited 2024 €000	Unaudited 2023 €000
Revenue	3	302,060	—
Cost of sales		(88,420)	—
Gross profit		213,640	—
Operating and administrative expenses		(199,658)	(1,726)
Operating exceptional items	4	(19,649)	(55)
Operating loss		(5,667)	(1,781)
Finance income		12,025	12
Finance cost		(29,903)	(3)
Foreign exchange losses	11	(22,492)	(2)
Loss for the period before tax		(46,037)	(1,774)
Income tax expense		—	—
Loss for the period		(46,037)	(1,774)
Other comprehensive income			
Exchange differences on translation of foreign operations	11	22,362	359
Other comprehensive income		22,362	359
Total comprehensive expense		(23,675)	(1,415)

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

ZEGONA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF
FINANCIAL POSITION



		Unaudited As at 30 June 2024 €000	As at 31 December 2023 €000
	Notes		
Assets			
Non-current assets			
Property, plant and equipment		3,825,450	1
Goodwill	7	391,011	—
Intangible assets		2,017,053	—
Income tax receivable		5,259	5,071
Trade and other receivables	12	257,129	—
		6,495,902	5,072
Current assets			
Trade and other receivables	12	921,071	1,189,548
Inventory		41,925	—
Cash and cash equivalents	12	112,518	4,648
		1,075,514	1,194,196
Total assets		7,571,416	1,199,268
Equity and Liabilities			
Equity			
Share capital		8,312	8,312
Share premium	8	1,182,375	1,182,375
Other reserves	8	2,767	(1,001)
Retained earnings		(58,978)	(9,219)
Foreign currency translation reserve	8	23,563	1,201
		1,158,039	1,181,668
Non-current liabilities			
Trade and other payables		220,219	—
Deferred tax liabilities	7	51,379	—
Long term borrowings	12	3,825,861	—
Lease and other liabilities	12	846,434	—
		4,943,893	—
Current liabilities			
Accruals and other payables	12	1,106,101	17,600
Lease and other liabilities	12	363,383	—
		1,469,484	17,600
Total liabilities		6,413,377	17,600
Total equity and liabilities		7,571,416	1,199,268

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

ZEGONA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



(Unaudited)	Note	Share Capital	Share Premium	Foreign currency translation reserve	Retained earnings	Other reserves - share based payment	Other reserves - capital redemption	Other reserves - promissory note receivable	Total equity
		€000	€000	€000	€000	€000	€000	€000	€000
At 1 January 2024		8,312	1,182,375	1,201	(9,219)	156	2,565	(3,722)	1,181,668
Loss for the period		—	—	—	(46,037)	—	—	—	(46,037)
Other comprehensive income		—	—	22,362	—	—	—	—	22,362
Reclassification of interest income related to promissory note	8	—	—	—	(3,722)	—	—	3,722	—
Share based payment charge		—	—	—	—	46	—	—	46
Balance at 30 June 2024		8,312	1,182,375	23,563	(58,978)	202	2,565	—	1,158,039

Share premium reserves includes 900m EUR of capital contributions. For more detail refer to Note 7 and Note 12.

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

ZEGONA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



(Unaudited)	Note	Share Capital	Share Premium	Foreign currency translation reserve	Retained earnings	Other reserves - share based payment	Other reserves - capital redemption	Total equity
		€000	€000	€000	€000	€000	€000	€000
At 1 January 2023		311	3,049	(6,922)	11,469	65	2,565	10,537
Loss for the period		—	—	—	(1,774)	—	—	(1,774)
Other comprehensive income		—	—	359	—	—	—	359
Share based payment charge		—	—	—	—	35	—	35
Balance at 30 June 2023		311	3,049	(6,563)	9,695	100	2,565	9,157

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

ZEGONA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH
FLOWS



	Notes	For the six months ended 30 June 2024	For the six months ended 30 June 2023
		€'000	€'000
Cash flows from operating activities			
Loss before income tax		(46,037)	(1,774)
Reconciliation of loss before income tax to operating cash flows:			
Depreciation and amortisation		126,777	6
Share based payment expense		46	35
Net foreign exchange differences		22,492	2
Finance income		(12,025)	(12)
Finance costs		29,903	3
Working capital adjustments			
Decrease in trade and other receivables	12	167,594	26
Decrease in trade and other payables		(147,957)	(75)
Decrease in inventories		(2,187)	—
Other working capital cash flows		(47)	9
Net cash inflow/(outflow) from operating activities		138,559	(1,780)
Cash flows from investing activities			
Transfer of cash from escrow account, for the acquisition	7	290,000	—
Cash from borrowings used for the acquisition	7	(453,854)	—
Cash from escrow account used for the acquisition	7	(290,000)	—
Cash acquired	7	91,440	—
Repayment of loans in acquired subsidiary	7	(3,325,540)	—
Purchase of intangible fixed assets		(34,259)	—
Purchase of property, plant and equipment		(42,234)	—
Interest received relating to investing activities		6,547	—
Other investing cash flows		(644)	—
Net cash outflow from investing activities		(3,758,544)	—
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs paid	12	3,802,427	—
Interest paid relating to financing activities		(4,023)	—
Repayment of borrowings		(71,311)	—
Net cash inflow from financing activities		3,727,093	—

ZEGONA COMMUNICATIONS PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH
FLOWS



Net increase/(decrease) in cash and cash equivalents	107,108	(1,780)
Cash and cash equivalents at the beginning of the year	4,648	5,890
Effects of exchange rate changes on cash and cash equivalents	762	197
Cash and cash equivalents at the end of the year	112,518	4,307

The accompanying notes are an integral part of the unaudited condensed consolidated interim financial statements.

1. GENERAL INFORMATION

Zegona Communications Plc. was established in 2015 with the objective of investing in businesses in the European Telecommunications, Media and Technology sector and improving their performance to deliver attractive shareholder returns. The Zegona Group is a leading integrated telecommunications provider of broadband, mobile and TV services and products in Spain, delivering voice, data and other value-added services. The Group covers both business-to-consumer and business-to-business markets, each with a highly-diversified customer base.

These Interim Financial Statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 September 2024. The Group is headquartered in England and has its registered office at 8 Sackville St, Mayfair, London W1S 3DG.

Upon completion of the acquisition of Vodafone Spain, the Company's accounting reference date was changed to 31 March and the Company will therefore publish annual financial statements for the 15-month period ending 31 March 2025.

On 16 July 2024 Ernst & Young LLP were appointed the Group's auditors.

2. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

These Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK. The annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the company's published consolidated financial statements for the year ended 31 December 2023. The Group has adopted certain new accounting policies in the period as its operations have changed due to the acquisition of Vodafone Spain in the period. The Interim Financial Statements do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 (the "Companies Act").

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2023 which are available on the Group's website, www.zegona.com. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The condensed consolidated financial information for the six months ended 30 June 2024 and the comparative amounts to 30 June 2023 are unaudited but have been reviewed by the Group's auditors. The financial information for the year ended 31 December 2023 has been abridged from the 2023 Annual Report, which has been filed with the UK Registrar of Companies, for which an unqualified audit report was given and did not draw attention to any matter by way of emphasis and did not contain a statement made under s498 (2) or s498 (3) of the Companies Act 2006. This summary financial information does not constitute statutory accounts as defined in s434 of the Companies Act 2006.

Subsidiaries are entities controlled by the Company, either directly or indirectly. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in the Interim Financial Statements from the date that control commences until the date that control ceases.

Intragroup balances, any gains and losses or income and expenses arising from intragroup transactions, and intragroup cash flows are eliminated on consolidation.

Following the acquisition of Vodafone Spain on 31 May 2024 the Company's functional currency changed from GBP Sterling to Euro (see note 11 for more details). The Company's functional currency is therefore now the same as its presentational currency.

The Interim Financial Statements have been prepared under the historical cost convention except for certain financial assets that have been measured at fair value, mainly the PPA valuations as disclosed in note 7.

(b) Going Concern

The Directors of the Company ("the **Directors**"), after making appropriate inquiries, have a reasonable expectation that the Group has adequate resources and liquidity to continue in operational existence for the 12 month period, from the issuance of these Interim Financial Statements to 30 September 2025.

As at 30 June 2024, the Group has a strong liquidity position with €112m of cash and cash equivalents together with undrawn revolving credit facilities of €500m. None of the Group's debt facilities falls due in the going concern period.

The Directors have reviewed the detailed cash flow base case and a plausible but severe downside sensitivity analysis which modeled a significant reduction in Earnings Before Interest, Tax, Depreciation and Amortisation ("**EBITDA**").

Additionally, the Directors reviewed a reverse stress scenario to calculate the decrease to the Group's forecast EBITDA to result in a breach of the Group's debt covenant. This scenario was deemed as implausible given the contractual nature of revenue earned within the business, and based on historical business performance.

Whilst the Directors recognise the uncertainty of the external environment and have considered the principal risks to the Group in the going concern forecasting, they have a reasonable expectation that the Group has adequate resources and liquidity to continue in operational existence for the 12 month period, from the issuance of these Interim Financial Statements to 30 September 2025.

The Directors therefore consider it appropriate to adopt the going concern basis when preparing the condensed consolidated financial statements for the six months ended 30 June 2024.

(c) Critical accounting judgements and significant estimates

The preparation of the Interim Financial Statements requires management to consider estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Significant estimates

(i) Business combinations and goodwill

On 31 May 2024, the Zegona Group purchased Vodafone Spain for an enterprise value of €5bn. The process of determining the fair value of the acquired assets and liabilities, involves both management judgment in relation to the valuation methodologies applied and significant estimates in relation to the key input assumptions selected. These significant estimates and associated sensitivity analysis are set out in note 7.

(ii) Revenue recognition

Allocation of revenue to goods and services provided to customers

It is necessary to estimate the standalone price when the Group does not sell equivalent goods or services in similar circumstances on a standalone basis. When estimating the standalone price, the Group maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for devices and other equipment). Where it is not possible to reliably estimate standalone prices due to a lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract.

Critical accounting judgements

Gross versus net revenue presentation

Scenarios requiring judgement to determine whether the Group is a principal or an agent include those where the Group delivers third-party branded software or services such as TV content or cloud-based services to customers and goods or services delivered to customers in partnership with a third-party. The Group concludes it is acting as principal where the Group has control of goods or services when they are delivered to a customer. Where the Group does not have control it is acting as an agent.

(iii) Lease Accounting

a) Lease identification

Whether the arrangement is considered a lease, or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Group and the counterparty to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement, rather than a lease.

The specific arrangements requiring significant judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines. Generally, where the Group has exclusive use of a physical line and it is determined that the Group can also direct the use of those lines, leases will be recognised. Where the Group provides access to fibre or other fixed telecommunication lines to another operator on a wholesale basis the arrangement will generally be identified as a lease, whereas when the Group provides fixed line services to an end-user it is considered that control over such lines is not passed to the end-user and a lease is not identified.

b) Lease term

Where leases include additional optional periods after an initial lease term, judgement is required in determining whether these optional periods should be included when determining the lease term. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. Where a leased asset is highly customised (either when initially provided or as a result of leasehold improvements) or it is impractical or uneconomic to replace then the Group is more likely to judge that lease extension options are reasonably certain to be exercised. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term.

(d) Material accounting policies

(i) Business combinations and goodwill

When a business combination occurs, the fair values of the identifiable assets and liabilities acquired, including intangible assets, are recognised. If the purchase consideration exceeds the fair value of the net assets acquired, then the incremental amount paid is recognised as goodwill. Please see note 7 for more details.

(ii) Goodwill

Goodwill is not subject to amortisation but is tested for impairment annually or whenever there is an indication that the asset may be impaired. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as cash generating units.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognised for goodwill are not reversible in subsequent periods.

(iii) Intangible Assets

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured. Identifiable intangible assets are recognised at fair value when the Group completes a business combination. The determination of the fair values of the separately identified intangibles, is based, to a considerable extent, on management's judgement.

Finite lived intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Licence and spectrum fees

Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives from the commencement of related network services. The estimated useful lives are 5 – 40 years.

Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised based on the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

Costs associated with maintaining software programs are recognised as an expense when they are incurred.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life from the date the software is available for use, being 3 – 5 years.

Other intangible assets

Other intangible assets are recorded at fair value at the date of acquisition. Amortisation is charged to the statement of comprehensive income, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis.

(iv) Capitalisation of customer-related intangible assets

The direct and incremental costs of acquiring or retaining a customer relationship are recognised as a customer-related asset if the Group expects to recover those costs. Customer-related assets refers to commissions paid to staff and agents for acquiring new customers and renewals of existing customers on behalf of the Group.

Customer-related intangible assets are capitalised whenever they meet the following criteria:

- Costs that the Group incurs relating to the acquisition of a contract with a customer that would not have been incurred if the contract had not been obtained.
- Costs that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred unless those costs are explicitly chargeable to the customer, regardless of whether the contract is obtained.

Customer-related assets is a component of the intangible assets and amortised over the contract life; typically, this is over the customer contract period as new commissions are payable on contract renewal. The estimated useful life required management judgement and is based on the underlying expected life of the customer relationship based on historical actuals and market trends.

The amortisation of customer-related intangible assets is recognised in the comprehensive statement of other income as part of depreciation, amortisation and impairment losses.

(v) Leases

As a lessee

When the Group leases an asset, a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right-of-use assets are impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease.

Where the Group is an intermediate lessor, the interests in the head lease and the sub-lease are accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use asset arising from the head lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term.

Lease income is recognised as revenue for transactions that are part of the Group's ordinary activities (primarily leases of handsets or other equipment to customers, leases of wholesale access to the Group's fibre and cable networks and leases of tower infrastructure assets). The Group uses IFRS 15 principles to allocate the consideration in contracts between any lease and non-lease components.

(vi) Property, Plant and Equipment

Land and buildings held for use are stated in the statement of financial position at their cost, less any accumulated depreciation and any accumulated impairment losses.

Amounts for equipment, fixtures and fittings, which includes network infrastructure assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. Depreciation is charged to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

Land and buildings

Freehold buildings	5 - 25 years
Leasehold premises	The term of the lease

Equipment, fixtures and fittings

Network infrastructure and other	1 - 3 years
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Depreciation is not provided on freehold land.

Right-of-use assets arising from the Group's lease arrangements are depreciated over their reasonably certain lease term, as determined under the Group's leases policy.

The gain or loss arising on the disposal, retirement or granting of a finance lease on an item of property, plant and equipment is determined as the difference between any proceeds from sale or receivables arising on a lease and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(vii) Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

(viii) Trade and other receivables

Trade receivables represent amounts owed by customers where the right to receive payment is conditional only on the passage of time. Trade receivables that are recovered in installments from customers over an extended period are discounted at market rates and interest revenue is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value.

The carrying value of all trade receivables, contract assets and finance lease receivables recorded at amortised cost is reduced by allowances for lifetime estimated credit losses. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balances, historical experience and forward-looking considerations. Individual balances are written off when management deems them not to be collectible.

(ix) Taxes

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income as some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting period date.

Where the Group is aware of potential uncertainties, and where it is judged not probable that the taxation authorities would accept the uncertain tax treatment, a provision is made following the appropriate requirements set out in IFRIC 23 Uncertainty over income tax treatments, and determined with reference to similar transactions and, in some cases, reports from independent experts.

Recognition of deferred tax assets and liabilities

Deferred tax assets are recognised up to the point of appropriate deferred tax liabilities or to the extent it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future.

(x) Trade and other payables

Trade payables are not interest-bearing and are stated at their nominal value.

(xi) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Where the timing of settlement is uncertain undiscounted amounts are classified as non-current as settlement is expected more than 12 months from the reporting date.

Asset retirement obligations

In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. A provision for decommissioning is recognised in full when the related facilities are installed. The amount recognised is the present value of the estimated future expenditure. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related asset. This is subsequently depreciated. Any change in the present value of the estimated expenditure is dealt with from the start of the financial year as an adjustment to the opening provision and the asset. The unwinding of the discount is included as a finance cost. The associated cash outflows are substantially expected to occur at the dates of decommissioning of the assets to which they relate and are long term in nature.

Legal and regulatory

The Group, in the normal course of business, will have a number of disputes, including where the Group has received notifications of possible claims. Group management, after taking legal advice, have established provisions considering the facts of each case.

Restructuring

The Group undertakes periodic reviews of its operations and recognises provisions as required based on the outcomes of these reviews. The associated cash outflows for restructuring costs are primarily less than one year.

(xii) Contingent liabilities

Contingent liabilities are potential future cash outflows, where the likelihood of payment is considered more than remote, but is not considered probable or cannot be measured reliably, and are therefore not recognised in the Balance Sheet.

(xiii) Borrowing

Interest-bearing loans are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing. See further disclosure of costs incurred relating to the transaction in note 12.

(xiv) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(xv) Financial instruments

Financial instruments comprise investments trade receivables, cash and cash equivalents, payables and accruals and borrowings. The financial instruments included in the Group's acquisition are described in note 7. These fair values are based on standard valuation techniques, including market comparisons and discounts of future cash flows, having regard to maximising the use of observable inputs and adjusting for risk.

(xvi) Share-based transactions

Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date. The grant date is the date on which an employer and an employee agree upon the most essential terms and conditions associated with the award. If shareholder approval is needed, then the grant date is delayed until that approval has been obtained, unless shareholder approval is considered to be perfunctory.

The fair value is expensed through administrative and other operating expenses, with a corresponding increase in equity through the share-based payment reserve, on a straight-line basis over the period that the employees or others providing similar services become unconditionally entitled to the awards or vesting period.

The vesting period for these schemes may commence before the legal grant date if the employees have started to render services in respect of the award before the legal grant date, where there is a shared understanding of the terms and conditions of the arrangement. Expenses are recognised when the employee starts to render service to which the award relates. The fair value of the awards is calculated at each accounting reporting period until the final fair value is measured at the legal grant date.

The dilutive effect of outstanding share-based payments is reflected as share dilution in the computation of diluted EPS.

(xvii) Revenue

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for mobile handsets, other equipment such as set-top boxes and routers provided to customers and services provided to customers such as mobile and fixed line communication services. Activities relating to connecting customers to the Group's network for the future provision of services are not considered to meet the criteria to be recognised as obligations except to the extent that the control of related equipment passes to customers.

The Group determines the transaction price to which it expects to be entitled in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs. Revenue is recognised when the respective obligations in the contract are delivered to the customer. Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when the Group provides the related service during the agreed service period.

Revenue for device sales to end customers is generally recognised when the device is delivered to the end customer. For device sales made to intermediaries such as indirect channel dealers, revenue is recognised

when control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

When the Group has control of goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from, and payments to, suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group.

When revenue recognised in respect of a customer contract exceeds amounts received at that time, a contract asset is recognised; contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future service fees. If amounts received from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised.

When contract assets or liabilities are recognised, a financing component may exist in the contract; this is typically the case when a handset or other equipment is provided to a customer up-front but payment is received over the term of the related service agreement, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

(xviii) Operating and administrative expenses

Operating and administrative expenses predominantly relate to customer acquisition and retention costs, depreciation and amortisation.

(xix) Operating exceptional items

Operating exceptional items are income or costs considered to be one-off / non-recurring in nature, and individually material. Management believe that such items require separate presentation and disclosure to avoid distortion of the comparability of results between periods.

(xx) Financing income

Finance income records income received from cash amounts held on account and is recorded in the Condensed consolidated statement of comprehensive income. The cash received is recognised as an investing activity in the Condensed consolidated statement of cash flows.

(xxi) Finance expense

Interest paid is recorded as a finance expense in the Condensed consolidated statement of comprehensive income, with cash paid recognised as financing activity in the Condensed consolidated statement of cash flows.

(xxii) Foreign currencies

Functional Currency

The Group's consolidated interim statements are presented in Euros, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that would be reclassified to profit or loss would reflect the amount that arises from using this method.

On 31 May 2024 the functional currency of the Company changed to Euros on completion of the acquisition of Vodafone Spain (refer to Note 11).

Transactions

Transactions in foreign currencies are initially recorded at the functional rate of currency prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the Group's functional currency at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period.

The results and financial position of Group entities with a functional currency other than Euros are translated as follows:

- Assets and liabilities for each balance sheet are translated at the closing rate at the translation date;
- Income and expenses for items impacting the Condensed consolidated comprehensive statement of income are translated at an average rate; and
- All resulting exchange differences are recognised in the Foreign Currency Translation Reserve.

(e) Basis of consolidation

The financial information of subsidiaries is included in Interim Financial Statements from the date that control commences until the date that control ceases. Intragroup balances, any gains and losses or income and expenses arising from intragroup transactions, and intragroup cash flows are eliminated on consolidation.

(f) New accounting pronouncements to be adopted

No interpretations or amendments to UK-adopted international accounting standards for 2024 have had a significant impact on the Group's accounting policies or reporting in the current period.

IFRS 18 'Presentation of Financial Statements', replacing IAS 1, has been issued by the IASB and endorsed by the UKEB and is effective for annual periods beginning or after 1 January 2027, with earlier application permitted. The impact of adopting this standard is currently being assessed by Management.

3. REVENUE

Revenue reported for the period includes service revenue from contracts with customers as well as other revenue items including revenue from equipment revenue, leases and interest revenue arising from transactions with a significant financing component.

Revenue disaggregation

	6 months ended 30 June 2024	6 months ended 30 June 2023
	€000	€000
Service revenue	268,722	—
Other revenue	33,338	—
Total Revenue	302,060	—

All revenue in the period to 30 June 2024 relates to Vodafone Spain and was earned in Spain.

Segmental analysis

The Group is organised as a single business. The chief operating decision maker is considered to be the Board, which receives consolidated information, and therefore the Group's conclusion is that it only has a single operating segment for which the measure of performance is the Group's consolidated loss for the period from continuing operations and

all amounts required to be disclosed in accordance with paragraph 23-24 of IFRS 8 Operating Segments are the same as the equivalent consolidated amounts disclosed elsewhere in these Interim Financial Statements.

4. OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses include depreciation and amortisation of €126,777k (2023: nil).

Operating exceptional items

In the 6 months to 30 June 2024 €19,649k (2023: €55k) of operating exceptional items were recognised relating to professional fees incurred as part of the acquisition of Vodafone Spain.

5. TAXES

No current corporation tax expense has been incurred in the period ended 30 June 2024 (31 December 2023: nil).

As at 30 June 2024 deferred tax assets of €145,178k have been recognised (31 December 2023: nil). The period end deferred tax asset recognition is supported by deferred tax liabilities of €196,557k (31 December 2023: nil).

As at 30 June 2024 the Group had unrecognised deferred tax assets of c.€1,230m relating to gross historical losses and tax credits of c.€5,130m acquired as part of the Vodafone Spain business combination (31 December 2023: nil).

The Group does not recognise further deferred assets as the Group's future profits are not sufficiently certain given the recent business combination. Further deferred tax assets could be recognised on finalisation of the provisional PPA balances subject to further work being completed.

6. LOSS PER SHARE

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Management shares in the share capital of Zegona Limited were issued in prior years and, on exercise, the value of these shares is expected to be delivered by the Company issuing new ordinary shares. Hence, the management shares could have a dilutive effect, although the Company has the right at all times to settle such value in cash. In the periods ending 30 June 2024 and 2023 where the Group made a loss, the management share option schemes are considered anti-dilutive as including them in the diluted number of shares outstanding would decrease the loss per share, as such they are excluded.

	6 months ended 30 June 2024	6 months ended 30 June 2023
Loss for the period attributable to equity holders of the parent (€000)	(46,037)	(1,774)
Weighted average number of ordinary shares	704,149,410	5,375,758
Basic and diluted EPS (€)	(0.07)	(0.33)

7. ACQUISITIONS

(a) Background

On 31 May 2024, the Zegona Group (via Zegona Bidco S.L.U.) acquired 100% of the issued share capital of Vodafone Holdings Europe S.L.U., and thereby the trading companies constituting Vodafone Spain, from Vodafone Europe B.V. (the "Seller"). The trading entities provide fixed-line, mobile, TV and digital market services delivering voice, data and value-added services. The headline purchase price was €5 billion and is expected to deliver value for the Group's shareholders by the improved business performance of Vodafone Spain.

The acquired business contributed revenues of €302 million to the Group for the period from 1 June to 30 June 2024 and has been accounted for using the acquisition method.

(b) Purchase consideration

Headline purchase price for the acquisition was €5 billion and the consideration payable of €1,730m comprised:

- €900m transfer of promissory notes (other receivables) to the seller (non cash);
- €290m transfer of cash in escrow (other receivables) to the seller;
- €454m cash transfer to the seller; and
- €86m extinguishment of net receivables due from the seller (non cash).

Immediately prior to the acquisition, with the consideration payable, €3,326m of pre-existing debt owed to the seller was extinguished by the Zegona Group on behalf of Vodafone Spain. The subsequent loan payable of €3,326m from Vodafone Spain to the Zegona Group is included as an acquired liability within the purchase price allocation ("PPA") as at 31 May 2024 and included as an investing cashflow in the Condensed consolidated statement of cash flows.

(c) Purchase price allocation

Due to the size and complexity of the Vodafone Spain acquisition the PPA is provisional. Most significantly work is ongoing in relation to the valuation of intangible assets (including customer relationships and brand), tangible assets (including networks and pipelines) and deferred tax.

Provisional identifiable assets acquired and liabilities assumed	€'000
Property, plant and equipment	3,853,056
Intangible assets	2,022,963
Trade and other receivables (non-current)	250,874
Cash and cash equivalents	91,440
Inventory	39,738
Trade and other receivables (current)	1,011,103
Total assets acquired	7,269,174
Long term borrowings to the Zegona Group	(3,325,540)
Other long term borrowings	(162,340)
Trade and other payables (non-current)	(910,690)
Deferred tax liabilities (non-current)	(51,127)
Trade and other payables	(1,480,078)
Total liabilities acquired	(5,929,775)
Total identifiable net assets at fair value	1,339,399
Provisional goodwill	391,011
Purchase consideration	1,730,410

Property, plant and equipment

The provisionally identified property, plant and equipment relate to networks, pipelines, right of use leased assets and mobile support infrastructure:

- The provisional fair value of the networks was assessed using the replacement cost method. A change in the estimated replacement cost of +/-5% would increase / decrease the fair value of these assets by +/-€8.2m.
- The provisional fair value of pipelines was assessed using the market approach. A +/- 5% change in the estimation would result in an increase / decrease in the fair value of these assets by +/- €24.9m.
- The provisional fair value of right of use lease assets was assessed by calculating the net present value of the future lease costs to the Group. A key assumption is the incremental borrowing rate. A change in the incremental borrowing rate of +/-0.25% would increase / decrease the fair value of the leases by +/- €3.4m.
- Included within property plant and equipment is mobile support network infrastructure. For the purposes of the provisional PPA management have assumed fair value is equal to the carrying net book value at the acquisition date.

Intangible assets

The provisionally identified intangible assets relate to brands and customer related assets:

- Where not supported by external valuations, the provisional fair value of the Group's brand assets was assessed by considering the benefit to the Group's future revenue of the acquired brand and assessing the royalty costs that would be incurred in deriving the same benefit. The key judgements in the assessments are the forecast revenue growth and royalty cost applied. A change in revenue growth assumption of +/-5% would increase / decrease the fair value of the brand by +/- €2.5m. A change in royalty cost of +/-0.5% would increase / decrease the fair value of the brand by +/- €2.3m.
- The provisional fair value of the customer relationships was assessed using the multi-period excess earnings methodology. The most significant assumption in the assessments is existing customer retention rates (churn). A +/-2.5% increase / decrease in estimated customer churn rates would increase the fair value of customer relationships by + €56.7m or decrease by -€47.5m respectively.
- Included within Intangible assets is Spectrum. For the purposes of the provisional PPA management have assumed fair value is equal to the carrying net book value at the acquisition date.

Acquired receivables

The fair value of acquired trade receivables is €1,011k. The gross contractual amount for trade receivables due is €1,192m, with a loss allowance of €181m recognized on acquisition.

Long term borrowings

Long term borrowings include a term loan of €3,326m issued from Zegona Holdco Limited to Vodafone Holdings S.L.U (Vodafone Spain) immediately prior to acquisition.

Goodwill

Management considers the residual goodwill to represent a number of factors including the future growth of the Vodafone Spain business and the potential to achieve buyer specific synergies and workforce.

None of the goodwill recognised is expected to be deductible for income tax purposes.

(d) Costs incurred in the acquisition

Costs related to the acquisition totalled €19.6m, all of which has been expensed to the Condensed consolidated statement of comprehensive income within Operating exceptional items and are included within Operating activities in the Condensed consolidated statement of cash flows.

Net cash acquired with the subsidiary (included in cash flows from investing activities) was €91m.

8. RESERVES

Other reserves

During the period €3,722k of interest income was reclassified from other reserves to retained earnings upon extinguishing the promissory note due to EJLSHM Funding Limited which was originally recorded in other receivables. Consistent with prior year, the impact in the period is recognised in equity as the counterparty is a shareholder of the Company.

9. DIVIDENDS

No dividends were declared or paid in the period. (2023: nil.)

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel

The Board considers the Executive Directors and Non-Executive Directors of the Group to be the key management personnel of the Group. During the period to 30 June 2024, key management personnel compensation was the only related party transactions with key management.

11. CHANGE IN FUNCTIONAL CURRENCY

Up until the 31 May 2024, the functional currency of the Company was British Pounds. The presentational currency of the Company is Euros. In the first 5 months of the period up to 31 May 2024, the Company recognised foreign exchange losses of €22,492k on the translation of a €900m promissory note receivable and €290m cash receivable which was sat in escrow.

On 31 May 2024, the functional currency of the Company changed from British Pounds to Euros. The triggering event was the acquisition of Vodafone Spain, which now means that dividends paid up in Euros by the Group will be used to service Euro denominated Group debt. Immediately ahead of this change €23,563k was recognised in the foreign currency translation reserve, as a result of the translation of the Companies British Pound balance sheet to Euros. The change in functional currency is prospectively applied with no financial impact at the implementation date.

12. FINANCIAL INSTRUMENTS

€'000	As at 30 June 2024		As at 31 December 2023
	Current	Non-current	Current
Financial Assets			
Trade receivables	297,291	78,986	-
Other receivables	293,489	50,972	1,186,717
Trade and other receivables	590,780	129,958	1,186,717
Cash and equivalents	112,518	-	4,648
Total	703,298	129,958	1,191,365

Total trade and other receivables for the Group at 30 June 2024 include current prepayments of €330,291k (31 December 2023: €2,831k) and non-current prepayments of €127,171k (31 December 2023: nil), relating to amounts prepaid to Vodafone Group Plc. for continuing services, and which are not financial assets.

In the period trade receivables increased from nil as at 31 December 2023 to €376m as at 30 June 2024 driven by the acquisition of Vodafone Spain.

In the period other receivables reduced from €1,189m as at 31 December 2023 to €344m as at 30 June 2024, relating mostly to recoverable tax amounts due to Vodafone Spain. At as 31 December 2023 other receivables related to €896m of promissory notes and €290m of cash held in escrow in relation to the acquisition of Vodafone Spain. Both of these balances, were completely extinguished as part of the acquisition.

€'000	As at 30 June 2024		As at 31 December 2023
	Current	Non-current	Current
Financial Liabilities			
Lease and other liabilities	363,383	846,434	-
Long term borrowings	-	3,825,861	-
Accruals and other payables	1,106,101	220,219	17,600
Total	1,469,484	4,892,514	17,600

As at 31 December 2023 the Group had committed undrawn financing of €4,700 million, comprising the Corporate Bridge Loan of €3,700 million, Term Loan A Facility of €500 million and Revolving Credit Facility of €500 million.

As at 30 June 2024 the Group had drawn debt facilities amounting to €3.9 billion, which consisted of:

- a term loan of €500 million (E+4.25%)
- and a corporate bridge facility of €3.4 billion (E+4.75%)

There is an additional €500 million Revolving Credit Facility which was entered into part of the original financing but was undrawn as at 30 June 2024. The repayment of borrowings in the period shown in the Condensed consolidated statement of cash flows related to pre-acquisition debt held by Vodafone Spain.

In relation to the drawn debt, there is a leverage covenant relating to the ratio between indebtedness and EBITDA, which was not in breach during the period or at period end.

Debt-related transaction costs in the period totalled €111m.

13. INVESTMENT IN SUBSIDIARIES

The Interim Financial Statements include the results of all subsidiaries wholly owned by the Company as listed below:

Subsidiary	Nature of business	Country of incorporation	Shares held directly by the Company	Shares held indirectly by Company	Address
Zegona Limited	Incentive company	Jersey	100%	—	1
Zegona Spanish Holdco Limited	Dormant	England and Wales	—	100%	2
Zegona Borrower Limited	Dormant	England and Wales	—	100%	2
Zegona Holdco Limited	Financing company	England and Wales	—	100%	2
Zegona Topco Limited	Financing company	England and Wales	—	100%	2
Zegona Midco Limited	Financing company	England and Wales	—	100%	2
Zegona Hedge Co Limited	Financing company	England and Wales	100%	—	2
Zegona Hedge II Co Limited	Financing company	England and Wales	—	100%	2
Zegona Finance Plc.	Financing company	England and Wales	—	100%	2
Zegona Finance LLC.	Financing company	United States of America	—	100%	3
Zegona BidCo S.L.U.	Acquisition vehicle	Spain	—	100%	4
Vodafone Holdings Europe S.L.U.	Holding company	Spain	—	100%	4
Vodafone España SAU	Trading company	Spain	—	100%	4
Vodafone Ono SAU	Trading company	Spain	—	100%	4
Vodafone Servicios S.L.U.	Trading company	Spain	—	100%	4
Vodafone Energia S.L.U.	Trading company	Spain	—	100%	4
VTOR America S.A.	Acquisition vehicle	Spain	—	100%	4

The registered office addresses of the subsidiaries are: 1) 47 Esplanade, St Helier, Jersey, JE1 0BD, 2) 8 Sackville St, Mayfair, London, W1S 3DG, 3) 251 Little Falls Drive, Wilmington, 19808, United States 4) Avenida del Dr. Arce, 14, Bajo, 28002 Madrid, Spain.

14. POST BALANCE SHEET EVENTS

Refinancing

On 17 July 2024, the Group refinanced a part of the original acquisition funding with long-term financing placed with Spanish and international institutional investors (the "Refinancing").

The Refinancing comprised debt raises as follows:

- €1,300m 6.750% Senior Secured Notes due 2029;
- US \$900m 7.38% Senior Secured Notes due 2029;
- €920m 7.65% 5 year term loan facility B; and
- US \$400m 6.88% 5 year term loan facility.

The proceeds from the Refinancing were used to repay the original corporate bridge facility that was drawn in connection with the acquisition of Vodafone Spain. The Term Loan of €500m continues to be utilized. In relation to the drawn debt there is a leverage covenant relating to the ratio between indebtedness and EBITDA.

Reduction of Share premium

At the AGM, held on 28 June 2024, a capital reduction of the Share Premium Account was approved and became effective on 8 August 2024.

Restructuring

In July 2024 the Group confirmed a restructuring plan which formed part of the stated operational transformation plan. The total impact of the reduction in workforce will be completed as soon as possible and is expected to incur total costs of c.€100m.

Directors' responsibilities statement

The Directors confirm that to the best of their knowledge the condensed consolidated financial information, which has been prepared in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority, gives a true and fair view of the assets, liabilities, financial position and profit of the Group, and that the interim management report herein includes a fair review of the information required by the United Kingdom Disclosure and Transparency Rules 4.2.7R and 4.2.8R.

At the date of this statement, the Directors of the Company are those listed on the Zegona website www.zegona.com.

By order of the Board

Eamonn O'Hare
Chairman and CEO
27 September 2024

ZEGONA COMMUNICATIONS PLC

INDEPENDENT REVIEW REPORT

Independent review report to Zegona Communications Plc

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Statement of Cash Flows and the related notes 1 to 14. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2 (a), the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ZEGONA COMMUNICATIONS PLC

INDEPENDENT REVIEW REPORT

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
London
27 September 2024