Annual Report 2025

For the Period Ended 31 March 2025
Zegona Communications plc

zegona

Contents

Strategic Report

Chairman's Statement

I am pleased to present Zegona's Annual Report for the 15 month period from 1 January 2024 to 31 March 2025[1]. These results include10 months of operations for Vodafone Spain.

Acquisition of Vodafone Spain[2]

The most significant event in the Period was the purchase of Vodafone Spain in May 2024. This acquisition underlines Zegona's ongoing commitment to find the best opportunities within European telecommunications to successfully drive attractive returns for our shareholders.

Performance update

Since we took ownership of Vodafone Spain in May of last year, we have moved fast to execute our transformation plan. Key priorities have included top line stabilisation, operating cost reduction, FibreCo execution and implementation of a "fit for purpose" organisation. A few highlights:

- **Return to customer growth:** Our focus of investing in the customer has included new product propositions, new Lowi branding, churn reduction programs and insourced sales/customer care platforms. As a result, the customer base of Vodafone Spain is back to growth for the first time in years! Broadband lines reached 2,563k at the end of FY25, growing 29k in the last three quarters of the Period[3]. A further 7k lines were added in the first quarter of FY26[3]. In addition, contract Mobile lines reached 10,057k at the end of the year, growing 26k in the last three quarters of the Period[3]. A further 39k lines were added in Q1 FY26[3].

- **Profit margin expansion:** We have moved quickly to remove unproductive costs from the business. This has delivered significant improvements in the financial results of Vodafone Spain. The business implemented over 400 initiatives in FY25 and kicked off an additional 300 this year. Actions included the rationalisation of network assets/leases, consolidation of IT systems, across the board contract renegotiations and a 28% reduction in headcount. EBITDAaL[4] for the twelve months to March 2025 landed at €1,249m with margins increasing from the year prior to Zegona's ownership by over 2pts to 34%. This trend continued into the first quarter of this year with Q1 FY26 EBITDAaL[4] margins hitting almost 35%[5].

- **Significant Cash flow improvement:** Driving operational Cash-flow (EBITDAaL - Capex[4]) continues to be a key focus. We bought a business with cash flows of just over €400m. In the twelve months to March 2025 the business generated €625m. This represents a 55% year on year increase. In addition, cash flow margins expanded to over 17%, a significant improvement compared to the circa 10% achieved in the prior year. This trend continued into Q1 FY26 with cash flow generation of €201m and margins over 22%[5].

- **Restructured organisation**: Although we have significantly reduced the size of the workforce we have implemented a much more "fit for purpose" organisation. We appointed Jose-Miguel Garcia as the new CEO and the executive team was significantly restructured with a greater emphasis on fast decision making, cost reduction and top line growth. There is now a greater sense of purpose in the workforce with people starting to act like 'owner managers' with a very positive improvement in employee satisfaction. This is critically important as an engaged workforce is one of the key ingredients for continuous financial performance as we head into our second year of transformation.

- **FibreCos:** We have also taken action to address the inefficiency of our under-utilised fixed line infrastructure and at the same time provide our customers with a 'future-proof' 100% FTTH high-speed service. We have achieved this by creating two FibreCos. The Telefónica FibreCo (Fiberpass) covers almost 4 million premises across Spain and operations started in March earlier this year. The MasOrange FibreCo which will cover over 12 million premises will be one of the largest FibreCos in Europe. In addition to providing customers with a better broadband experience, our plan is to monetise our equity in these two companies. The MasOrange JV has already secured an offer for €4.7bn of 'investment' grade debt and the monetisation process is well advanced for both FibreCos. The monetisation of these multi billion JVs is a complex process involving long term commitments with sophisticated investors. So it is important we manage these final stages with discipline, diligence and patience.

- **Shareholder returns:** We are a management team that are very focused on creating shareholder value. Since our £1.50 per share capital raise in September 2023, the Zegona share price has increased over 5X. Today's results demonstrate that this significant improvement in the company's value is underpinned with strong operational KPIs, leaving us well positioned to continue our value creation journey.

So, in summary, although we are still in the early days of transforming Vodafone Spain, we are off to a fast start and have high confidence that our second year of ownership will be as productive as our first. The actions we have taken to date and our continued focus of investing in the customer has started to make a big difference in our overall attractiveness and competitiveness in the marketplace. With the added benefit of significant cost and operational improvements, we anticipate the current trend of improved financial results will continue through the balance of the current year.

Eamonn O'Hare
Chairman and Chief Executive Officer
16 July 2025

[1] Zegona has aligned its accounting reference date with that of Vodafone Spain. The fifteen month period 1 January 2024 to 31 March 2025 is hereafter referred to as the "Period".
[2] The acquired group comprises 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 Valley Fijo, S.L. (formerly Vodafone Energia, S.L.U.), and post acquisition VSales España S.L., VPlat España S.L. and Vtor America S.A. together referred to as 'Vodafone Spain'.
[3] All periods exclude FiNetwork customers (FiNetwork transitioned to an MVNO from Q3 FY25)
[4] EBITDAaL and EBITDAaL less Capex are defined on page 8
[5] Unaudited Vodafone Spain numbers

Strategy and Business Model

We present below our business model and strategy for the Group showing separately that for Zegona and for Vodafone Spain reflecting the nature of their relevant strategy and operations.

Zegona

Vision

- Execute our strategy in the European TMT sector.
- Focus on businesses that require active change and fundamental improvement to realise their full value.
- Target significant long-term growth in shareholder value.

Opportunity

Changing market dynamics in the TMT industry create multiple investment opportunities:

- **Demand for data and speed:** Data consumption is growing strongly with customers willing to pay for speed and reliability. Gigabit broadband is now a customer requirement in many markets but network rollouts and upgrades need to be efficient.
- **Digital convergence:** The fixed/mobile divide is increasingly disappearing for users, meaning significant growth in more valuable triple and quad-play[6] customers who are combining mobile and fixed services. This has driven improvements in economics for converged players since mobile data delivery is heavily dependent on high-capacity fixed networks, and customers taking multiple products tend to be more loyal.
- **Industry consolidation:** The sector has seen M&A activity focused on improving fundamental economics through bringing businesses together and realising the delivery of next generation networks. Industry players are increasingly focusing on their core regions, delivering cost reductions and price repair to rebuild margins. Consolidation has also created opportunity as businesses are spun out by the major industry players to meet regulatory requirements and strategic objectives, creating opportunity for Zegona.
- **Broad range of attractive assets**: Our flexibility in terms of size, geography and category opens a broad universe of attractive target assets across the TMT market. We have identified many businesses of an appropriate scale, including operators that are active in one or more of the mobile, mid-sized cable, fixed fibre network, Business to Business ("B2B") and network infrastructure sectors. The acquisition of Vodafone Spain reflects this openness to identifying opportunities, with a detailed plan already in place to substantially improve the operations, customer service and financial returns from the business.

[6] Quad play: customers with four services (pay TV, fixed voice, broadband and mobile).

Advantage

A number of factors make Zegona well positioned to access attractive deals and deliver value:

- Strong, aligned management team: Our management team has a proven track record of delivering strong business performance and investor returns. During 2017, it successfully sold Telecable and was then instrumental in returning Euskaltel to growth. This enabled us to initiate consolidation discussions with MÁSMÓVIL that lead to it acquiring Euskaltel in July 2021. In 2023, we were able to gain the trust and support necessary from Vodafone and the financial markets to negotiate and arrange funding for the acquisition of Vodafone Spain. The team has extensive real-world experience in senior operational roles in large public telecommunications companies, and its interests are also strongly aligned with shareholders through a long-term incentive scheme that links remuneration directly to growth in shareholder value.
- Entrepreneurial focus: We have considerable freedom in the projects we pursue and the ways we create value. Zegona has a long-term perspective and, as a public company, its shareholders can readily realise value at any stage through the improvement and transformation journey of the businesses we own. This makes Zegona fundamentally different from private equity businesses, most of whom work within a short- to medium-term timeframe. This also permits a focus on fundamental business improvements that are value-accretive rather than relying on high leverage and valuation multiple expansion. We are also able to act quickly on acquisition opportunities while maintaining financial discipline. This is especially attractive to potential sellers and a key differentiator.
- Major global investors: Zegona benefits from having a number of global public equity asset managers with a long-term outlook as shareholders. We have an effective investor relations programme that maintains regular contact with our major current and potential shareholders.

Strategy execution

We seek to provide shareholders with an attractive total return, primarily through appreciation in the value of Zegona's assets. Our strategy focuses on making investments in strategically sound businesses within the European TMT sector that require active change to realise their full value, thereby creating significant long-term returns through fundamental business improvements. As summarised in the Chairman's statement on pages 2–3, we have made good progress with the transformation plan for Vodafone Spain.

The main elements of Zegona's strategy, for the improvement of value in Vodafone Spain, are set out below:

- utilising the management team's significant and relevant experience in the Spanish telecommunications market to put in place a fit for purpose management team and organisation, and change the working culture of Vodafone Spain;
- implement business transformation initiatives across the Vodafone Spain organisation in order to deliver growth, cost efficiencies and to drive value; and
- proactively engaging with an international debt and equity investor base, ensuring optimisation of financing opportunities.

Vodafone Spain

Opportunity

Vodafone Spain is one of the leading telecoms networks in Spain. Zegona believes the future of the business lies in:

- implement a fit-for-purpose organisation and business transformation initiatives;
- operating the assets more efficiently; and
- driving value for money service propositions.

Advantage

Vodafone Spain is one of the largest telecommunications operators in Spain, operating a high-quality, next-generation, nationwide mobile network supported by strong spectrum holdings, as well as a nationwide fixed-line network delivered through a combination of owned and wholesaled infrastructure. The business caters to both the consumer and business markets and has achieved an increasingly converged customer base (customers who buy bundled fixed and mobile line and converged products, driving higher average revenue per user (ARPU) and a lower level of churn). The business operates a multi-brand model across mobile and fixed networks allowing it to provide converged offerings to both the premium (Vodafone) and value (Lowi) markets, as well as providing high value added services to business customers.

Zegona's investment thesis for Vodafone Spain rests on five key pillars which we believe will enable Vodafone Spain to continue to compete effectively, deliver its strategic objectives and drive shareholder value:

- an increasingly attractive, highly developed Spanish telecommunications market, underpinned by strong fundamentals and supported by convergence and consolidation tailwinds;
- leading integrated operator with strong market positions in consumer and B2B markets, a diversified product offering and highly converged customer base across the value spectrum;
- high-quality, next-generation mobile and fixed-line networks supported by strong spectrum positioning, attractive active network-sharing arrangement to drive efficiency and extensive nationwide reach through wholesale agreements;
- resilient cash flow, with significant upside driven by underlying growth and bottom-up revenue, cost and capex optimisation opportunities driving strong margin expansion; and
- potential for Vodafone Spain to benefit from Zegona's extensive experience driving growth and cost optimisation in the Spanish market.

Strategy execution

We have moved fast to execute our transformation plan. Key priorities have included top line stabilisation, operating cost reduction, FibreCo execution and implementation of a "fit for purpose" organisation. A few highlights as discussed in the Chairman's statement on pages 2–3, are noted below:

- Return to customer growth
- Profit margin expansion
- Significant Cash flow improvement
- Restructured organisation
- FibreCos

Business and Financial Review and Key Performance Indicators

Group performance

FY25 financial performance

The main focus of Zegona Communications plc ("the Company") during the Period to 31 March 2025 was the purchase of Vodafone Spain in May 2024 and the transformation of that business.

Following the acquisition, the Zegona entities changed their accounting reference date from 31 December to 31 March, to align with Vodafone Spain. Therefore the results presented in this Annual Report are for the 15 month period from 1 January 2024 to 31 March 2025 and include 10 months of the operations of Vodafone Spain. The comparative period shown is the 12 months ended 31 December 2023 ('FY23') being wholly pre the acquisition of Vodafone Spain.

The Company's functional currency was changed from GBP to Euro following the completion of the acquisition (see note 32 for more details).

Commentary on the results for the Period is included on pages 9 and 10.

Group key performance indicators

Following the acquisition of Vodafone Spain in May 2024, Management reviewed the key performance indicators (KPIs) included in this Annual Report to reflect those used by the Group to monitor performance internally and to communicate performance externally. Management has focussed on the financial information at the consolidated level of Zegona Holdco (the parent of the acquisition vehicle, Zegona Bidco, that acquired Vodafone Spain) as this is where the debt has been drawn and therefore where the covenants are measured.

Non-GAAP measures are used as the basis for KPIs. Certain information presented is derived from amounts calculated in accordance with IFRS but is not itself a measure defined under GAAP. Such measures should not be viewed in isolation or as an alternative to the equivalent GAAP measured.

	Q1 25	Q2 25	Q3 25	Q4 25	FY25
	Apr to June 24	Jul to Sept 24	Oct to Dec 24	Jan to Mar 25	Apr 24 to Mar 25
	(acquisition during period)				
Financial KPIs €m	**Q1 25**	**Q2 25**	**Q3 25**	**Q4 25**	**FY25**
Total Revenues	916	903	913	897	3,629
EBITDAaL	299	318	320	312	1,249
EBITDAaL less Capex	141	175	175	134	625
Net debt					(3,715)

Metric	Definition
Total Revenues	Total revenues include all types of services and products sales made by the entities within the Zegona Holdco Limited consolidation group but excluding any intercompany revenue amounts
EBITDAaL	EBITDAaL is defined as earnings attributable to the group of companies up to, and including Zegona Holdco Limited, before income tax credit, net financing costs, amortization of customer-related intangible assets, amortization of owned assets and depreciation of owned assets, excluding gains/losses on disposal of owned and leased assets, restructuring costs, other income and expense and significant items that are not considered by management to be reflective of the underlying performance, including the impacts of depreciation and gain on disposal of leased assets and interest on lease liabilities, and adjusted in line with the parent's accounting policy relating to subscriber acquisition costs. This definition aligns with the definition included in the Zegona Holdco Limited's loan documents. (For the avoidance of doubt, in line with the definition in the loan documents, EBITDAaL specifically excludes Management Incentive Plans, both pre-existing and implemented post-acquisition, as these are not deemed to be input costs but rather a cost arising as a by-product of results.)
EBITDAaL less Capex	This is EBITDAaL (above) less Capex, where Capex relates to net capital proceeds. This includes Capital Expenditure relating to acquisition of property, plant and equipment, intangible assets and costs relating to customer commercial activity, as well as payments made for dismantling assets and excluding telecommunication licences and financed assets, minus the selling price upon disposal of any assets and changes in asset retirement obligation provisions.
Net debt	This includes all borrowings or credit facilities that are owed to external parties at the reference date, net of the cash and cash equivalent held at that date. This definition aligns with the definition of Consolidated Total Net Debt included in the Zegona Holdco Limited's loan documents

The table below provides a reconciliation of the KPIs noted above to the Group's total loss for the Period of €438.8m (2023: €15.6m).

€m	Vodafone Spain			Zegona Holdco Ltd	Zegona Holdco Ltd Consolidated	Other Zegona entities	Zegona Group Consolidated results
	12m period to 31 March 2025	2m pre-acquisition 1 Apr 24 to 31 May 24	10m post-acquisition 1 Jun 24 to 31 Mar 25	15m ended 31 March 2025	15m ended 31 March 2025	15m ended 31 March 2025	15m ended 31 March 2025
Total revenue[7]	3,629	(614)	3,015	—	3,015	—	3,015
EBITDAaL	1,249	(204)	1,045	(1)	1,044	(11)	1,033
Depreciation & Amortisation							(755)
Finance cost							(348)
Finance income							16
Long term incentive costs							(132)
Separately reported items							(264)
Tax							11
Net loss							**(439)**
EBITDAaL - Capex	625	(84)	541	540	540	529	**529**

Long-term incentive costs include management incentive costs of €42m and a share based payment charge of €90m relates to the Management Incentive Scheme's Third Calculation Period's redemption expense plus the accrual for the cost relating to the Fourth Calculation period (see the Directors' Remuneration information from page 55 and Note 29 for more information). These are recurring costs however, the amount will differ each each year.

The Separately reported items noted above are non-recurring costs comprising restructuring costs (€144m), acquisition related costs (€40m) and the recognition of debt fees as a result of the Refinancing and Repricing (€78m).

7 The Total Revenue number differs from the published Vodafone Group Total Revenue figure due to intercompany revenues pre-sale, classed as 3rd party revenue post-acquisition

Board interaction relating to the acquisition

The Board performed an in-depth analysis of the proposed acquisition to determine if it was in the best interests of the Company´s members and key stakeholders, in line with their duties under section 172 of the Companies Act. In conjunction with external advisers, the Board considered: the terms of the agreement, the valuation obtained, the financing of the acquisition, the results of due diligence performed, the overall business plan, the risks as related to legal and regulatory compliance, governance, and the effect on employees and customers. It was concluded that the acquisition was in the best interests of the Company and met with the overall strategic direction.

Post acquisition the Board continues to be regularly involved in the overall monitoring and governance of the business and fulfils its duties to act in good faith to promote the success of the Company through its implementation of the Company's strategy, in line with section 172 of the Companies Act. The Board also ensures that key and strategic decisions are made taking into account our key stakeholders. For more information on our key stakeholders, refer to our Section 172 Statement, beginning on page 20.

Acquisition financing, refinancing and repricing

As part of the acquisition, financing of €3.9 billion was drawn, comprising a Corporate Bridge Loan of €3.4 billion and a Term Loan A ("TLA") facility of €500m. In July 2024, the Group[8] agreed long-term refinancing placed with Spanish and international institutional investors (the "Refinancing"). The proceeds from the Refinancing were used to repay part of the original financing. The Refinancing comprised the follow:

- €1,300m 6.750% Senior Secured Notes due 2029 ("SSN EUR");
- USD $900m 8.625% Senior Secured Notes due 2029 and hedged to give an effective interest rate of 7.38% ("SSN USD");
- €920m Euribor + 425bps 5-year term loan facility B ("EUR TLB"); and
- USD $400m SOFR[9] + 425bps 5-year term loan facility ("USD TLB").

The TLA of €500m (Euribor +425 bps[10]), remained drawn throughout the Period. The Revolving Credit Facility of €500m (Euribor +425 bps) remained in place, but undrawn, throughout the Period.

The rating agencies provided Zegona with the following 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-.

In March 2025, we successfully completed the repricing of our €920 million EUR TLB, as well as the increase of this facility by €370 million (allowing for the repayment of the USD TLB of $400 million (€370 million)), giving a total EUR TLB facility of €1.29 billion ("the Repricing"). The Repricing reduced our interest rate margin under the EUR TLB by 125bps (from Euribor +425bps to Euribor +300bps).

Subsequent to the Period end, we also repriced the TLA Facility for the remainder of 2025, decreasing the margin by 125bps (from Euribor + 425bps to + 300bps) and the undrawn RCF down by 125bps (Euribor + 375bps to Euribor + 250bps).

These repricings demonstrate the strength of Zegona's strategy and its execution since the acquisition of Vodafone Spain, earning credit investor support and allowed the Company to significantly reduce the cost of its debt in less than a year. For more detail see note 21.

Vodafone Spain progress

Pre-acquisition the Zegona Management team identified three key areas for improvement:

- implement a lean, "fit-for-purpose" organisation and business transformation initiatives;
- operating the assets more efficiently; and
- driving value for money service propositions.

[8] Group is defined as all Zegona entities and Vodafone Spain entities post-acquisition
[9] SOFR is the Secured Overnight Financing Rate
[10] Basis points

Our focus of investing in the customer has included new product propositions, new Lowi branding, churn reduction programs and insourced sales/ customer care platforms. As a result, the customer base of Vodafone Spain is back to growth for the first time in years! Broadband lines reached 2,563k at the end of FY25, growing 29k in the last three quarters of the Period[11]. In addition, contract Mobile lines reached 10,057k at the end of the year, growing 26k in the last three quarters of the Period. A further 39k lines were added in Q1 FY26[11].

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We have also taken action to address the inefficiency of our under-utilised fixed line infrastructure and at the same time provide our customers with a 'future-proof' 100% FTTH high-speed service. We have achieved this by creating two FibreCos. The Telefónica FibreCo (Fiberpass) covers almost 4 million premises across Spain and operations started in March earlier this year. The MasOrange FibreCo which will cover over 12 million premises will be one of the largest FibreCos in Europe. In addition to providing customers with a better broadband experience, our plan is to monetise our equity in these two companies. The MasOrange JV has already secured an offer for €4.7bn of 'investment' grade debt and the monetisation process is well advanced for both FibreCos. The monetisation of these multi billion JVs is a complex process involving long term commitments with sophisticated investors. So it is important we manage these final stages with discipline, diligence and patience.

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[11] All periods exclude FiNetwork customers (FiNetwork transitioned to an MVNO from Q3 FY25)

Principal Risks And Uncertainties

Risk management

Risks are constantly changing as a result of the dynamic environment within telecommunications. The Group continuously reviews and improves the risk processes in place to ensure that the Group has the appropriate level of support in meeting its strategic objectives.

The Group's risk framework clearly defines roles and responsibilities and sets out a consistent end-to-end process for identifying and managing risks. The Audit & Risk Committee ("A&RC") oversees principal and emerging risks, which are reported to the various management committees and the Board on an ongoing basis. Additionally, risk owners are invited to present in-depth reviews to ensure that risks are continuously monitored, and appropriate mitigation plans are implemented to bring each risk within an acceptable tolerance level within the Group's risk appetite framework.

Principal and emerging risks

In response to our significantly different circumstances post-acquisition, our Board and A&RC have revised the principal and emerging risks facing the Group, including those that may impact our business model, future performance, solvency or liquidity.

Risk	Change since last Annual Report	
Transformation of investment operations	New	◊
Cyber threat & information security	New	◊
Ability to create value in acquired businesses	Decreased	↓
Reliance on key management	No Change	=
Aggressive competition	New	◊
Regulatory: high-risk vendors (“HRV”)	New	◊
Privacy legal & compliance	New	◊
Financing	New	◊
Network evolution	New	◊
IT failure	New	◊

Description, impact, emerging factors and mitigation

Transformation of investment operations

Description

The transformation of Vodafone Spain from a subsidiary of a multinational telecommunications operator to a standalone operator. Failure to effectively and successfully transform Vodafone Spain could result in inappropriate business processes and systems, increased operational complexity and hindered growth.

Impact
These changes could result in decreased efficiency and/or lower employee engagement. Multiple transformation projects, and projects with significant complexity, could result in risky and/ or poor quality implementations.

Emerging factors
The scale and increasing volume of change may put additional strain on the Group's employees, causing fatigue or disengagement and impacting workplace culture. This could result in a failure to deliver the transformation with the required focus and operational excellence needed for success.

Mitigation
Migrating Vodafone Spain from the wider Vodafone Group's systems, processes and support network was a key focus area during the Period. We have put in place a large number of Transitional Services Agreements ("TSAs") that range in duration from six months to 0 years, to manage and mitigate risks associated with the migration.

There is a detailed internal programme for these transformation initiatives as well as governance structures, sponsored by the senior management, to align potential changes and timings. In addition, leadership programmes have been created and continuously reviewed to deliver the cultural shift needed for successful delivery of the migration and transformation.

Significant projects are already underway to replace specific TSA areas of support with best-in-class, independent solutions.

Cyber threat and information security

Description
An external cyberattack, insider action or supplier breach could result in a service interruption or a data breach. Such incidents, which result in data breaches, misuse of data, data manipulation or inappropriate sharing, poor data quality or unavailability could lead to failure to meet customer expectations, reputational damage, loss of value, loss of business opportunities and regulatory sanctions such as fines.

Impact
Targetted use of destructive malware against our core infrastructure or systems could disable our ability to serve our customers, causing customer dissatisfaction and loss of revenue.

In addition, failure to manage the security of our stakeholders' data effectively and in a compliant way could result in regulatory fines, paying significant damages as well as reputational damage that could lead to higher customer churn rates.

Emerging factors
Cyber risk is constantly evolving and is influenced by economic, technological and geopolitical developments. We anticipate that threats from existing sources will remain, while new and evolving ones will emerge as a result of new technologies such as artificial intelligence ("AI"). These technologies have wide-ranging regulatory and legislative implications and require robust ethical and compliance action. New European regulations, such as the Artificial Intelligence Act or the Cyber Act, will introduce significant new legal requirements around systems and data management which we must comply with.

Mitigation activities
The Group's cyber and data security strategy utilises a comprehensive risk and control framework to help manage the risk to our networks, services and data. Our efforts are supported by our internal team of experts in cyber and data security, which were strengthened in the Period with the appointment of additional specialists in the cybersecurity area.

Our controls are designed to ensure we identify, protect against, detect, respond to and recover from threats. To maintain their effectiveness, we measure our control baseline across all parts of the Group. While these protective controls mitigate the effect of most threats, if attacks are successful we focus on rapid response to minimise the impact to our business and customers. We also conduct root cause analysis to inform continuous improvement and drive action.

Ability to create value in acquired businesses

Description
The success of our investment in Vodafone Spain depends on the implementation of strategic, operational and financial change programmes that refocus Vodafone Spain and improve its performance. There is a risk that we will not be able to successfully implement these programmes.

Impact
Unsuccessful or delayed implementations could cause KPI targets to be missed, which could impact the share price and cause shareholder discontent. Planned strategic execution could be delayed by regulation or commercial difficulties.

Emerging factors
Changes in regulatory approaches to the telecommunications sector or local jurisdiction reviews for infrastructure transactions could limit or delay opportunities for value-accretive structures.

Mitigation activities
Our acquisition of Vodafone Spain was based on a detailed assessment of the business and an analysis of where we could add value through our proven long-term improvement strategy.

Zegona has operated in the Spanish telecommunications market since 2015 and has a deep understanding of the market and its key drivers. We have a detailed improvement plan for the business which sets out specific actions and expected improvements for each business area.

We will continue to mitigate risk by identifying key stakeholders within the Group and ensuring engagement through our leadership and remuneration policies. We have also increased Zegona's team size throughout the Period, and throughout FY26 we will continue to do so as needed, ensuring our capacity and capabilities align with our business requirements.

Although we are still in the early days of transforming Vodafone Spain, we are off to a fast start and have high confidence that our second year of ownership will be as productive as our first. Our assessment of this risk has decreased compared to the prior year, reflecting the operational success achieved in the ten months post-acquisition.

Reliance on key management

Description
The Group's operations are currently led by a team of highly experienced telecommunications experts.

Impact
The absence or loss of members of our key management could significantly impede the successful execution of our financial plans.

Emerging factors
With multiple value creation projects underway, in-depth knowledge of these projects and our overall strategic plan for Vodafone Spain is held by number of key individuals.

Mitigation activities
The Group aims to retain key staff by offering remuneration packages at market rates and long-term management incentive plans. The Group has also strengthened Zegona's team by hiring a number of highly qualified people, as well as installing a new Vodafone Spain management team that fully aligns with Zegona's strategic plans and includes members we have previously worked with.

Aggressive competition

Description
Increasing competition within the Spanish market could lead to price wars, eroded margins, reduction in market share and/or damage to market value.

Impact
Aggressive pricing, accelerated customer losses to low-cost competitors and disruptive market entrants could result in higher than planned customer churn and requirements to lower prices further than planned, impacting overall profitability.

Emerging factors
Emerging factors will be mainly driven by the local competitive landscape. Continued aggressive penetration pricing by disruptive low-cost competitors in the Spanish market, on both mobile and fixed networks, could accelerate customer losses and / or apply further downward pressure on prices.

Mitigation activities
Our management's extensive experience in and close monitoring of the Spanish market means we are very well placed to react effectively to both consumer requirements and competitor actions. The Group continues to focus on meeting customer expectations through clear value propositions and our Lowi brand enables the Group to compete more effectively and efficiently in the value segment.

Regulatory: High Risk Vendors

Description
Expected new obligations relating to the 5G cybersecurity law could impact Vodafone Spain, including through constraints or mandatory replacement (in critical areas) of high-risk vendors.

Impact
The removal of such high-risk vendors could impact Vodafone Spain's coverage within Spain and potentially have a cost implication as equipment would have to be replaced. Potential decreases in coverage or quality of service could also result in increased customer churn.

Emerging factors
The release of a high-risk vendor list by the relevant Regulatory Authorities is imminent however, there will be sufficient time to plan for remediation.

Mitigation activities
Vodafone Spain regularly engages with the Spanish government to ensure collaboration and open communication regarding potential regulation or migration plans in order to reduce any potential impact due to new regulations.

Privacy legal and compliance

Description
Vodafone Spain holds significant amounts of personal data and any non-compliance under GDPR or other data protection laws could lead to failure to meet customer expectations, reputational damage, loss of value, loss of business opportunity and regulatory sanctions.

Impact
Failure to comply with data protection and privacy regulations could result in economic losses, fines as well as reputational damage.

Emerging factors
The proliferation of related regulatory and legislative action requires a robust ethical and compliance approach. The Group must maintain vigilance and ensure compliance across all new areas of legislation on an ongoing basis.

Mitigation activities
This risk is proactively managed by implementing and maintaining robust data management and privacy policies, regular reviews of data security measures and consultation with external specialists. To maintain their effectiveness, we measure our control baseline across all parts of the Group. While these protective controls mitigate the effect of most threats, in the rare occasions where attacks are successful we will focus on rapid response to minimise the impact to our business and customers. We will also conduct root cause analysis to inform continuous improvement and drive action.

Financing

Description
The Group has external debt, with relatively long terms across a number of established institutions, spread internationally. This debt includes both fixed-rate and floating-rate instruments and is mostly denominated in Euros and a USD amount (hedged into Euros).

Impact
Significant movements in foreign exchange rates or underlying interest rates could result in a negative impact as the amount of interest payable on floating-rate debts could increase. Alternatively, interest rates or foreign exchange rates could fluctuate favourably and the Group would be unable to take advantage of this.

Emerging factors
While interest rates have decreased slightly and the USD:EUR exchange rate has varied through the Period, broader improvements in the debt markets could enable financing on improved terms in the future.

Mitigation activities
The Group has fully hedged the USD element of its debt and entered into certain derivative agreements to partially protect against increases in the floating elements. As detailed in note 34, the Group has successfully repriced significant elements of its debt subsequent to the end of the Period. We remain in constant communication with lenders and other potential debt sources and regularly monitor the wider market for opportunities to improve debt terms.

Network evolution

Description
In telecommunications, there exists an ever-present risk of obsolescence of current technologies and networks with newer solutions. Failure to effectively plan for and respond to emerging technology solutions could lead to a loss of competitiveness and new or existing revenue streams.

Impact
Changes in prevalent technologies could lead to immediate obsolescence or the requirement for currently unforeseen capital investment in order to change network solutions.

Emerging factors
The growing influence of "big tech" companies could see the emergence of competitors and network solutions with the potential to negatively affect our customer market share.

Mitigation activities
The Group has a number of globally recognised industry experts who continually monitor technological advances in the sector and evaluate these in terms of long-term or status quo-challenging developments. In addition, Vodafone Spain holds a position as one of the leading telecoms networks in Spain with a high-quality mobile network and a gigabit-capable fixed network with state-of-the-art technology, which gives it a strong foundation to be able to quickly react and respond to changes in network technologies.

IT failure

Description
Given the Group's significant reliance on information technology, any system or platform outages or ineffective execution of the technology strategy could lead to dissatisfied customers or impacted revenue.

Impact
A major outage in a critical IT system or a failed IT transformation could reduce service to customers, affecting revenue and reputation.

Emerging factors
The risk of successfully delivering large and complex IT transformations.

Mitigation activities

The Group continues to manage its systems life cycle, closely monitoring the technology landscape for any perceived points of failure, and have developed associated plans to mitigate or replace any weaknesses found. To reduce the impact of any potential IT disruptions, we have established recovery goals for critical assets and systems. We have put in place a policy that outlines the KPIs necessary to guarantee the resilience of our technology services.

We prioritise IT transformation and modernisation programmes and focus them on specific technology resilience risks. Since IT transformation programmes inherently carry risks, we are increasingly using an incremental delivery approach to achieve benefits and adapt quickly, while maintaining strict governance.

Key changes to our principal risks

Following the acquisition of Vodafone Spain we identified a number of new risks and some of the principal risks noted in the FY23 Annual Report have been deemed to have decreased or no longer be relevant:

- Ability to maintain sufficient resources to operate until the completion of the acquisition of Vodafone Spain - deemed no longer a principal risk. As the acquisition completed in May 2024, this risk is no longer relevant.
- Foreign exchange - deemed no longer a principal risk. Foreign currency translation risk exists due to Zegona having equity denominated in a different functional currency (GBP) to that of its main asset which operates in Euros (Vodafone Spain) and any possibly future acquisitions that may not operate in GBP. The Board and Chief Financial Officer continue to control and monitor financial risk management (including foreign currency risk) in accordance with the internal policy and the strategic plan defined by the Board. We no longer deem foreign exchange a principal risk.

Watchlist risks

We maintain a 'watchlist' of other potential risks which enables us to monitor material risks to the Group that fall outside our principal risks but are important and need to be regularly monitored. These include, but are not limited to:

- ESG: failure to effectively adapt to ESG requirements may result in reputational damage or negative publicity related to environmental harm, social issues or governance; and
- Process improvements: as the Group has grown significantly in a very short space of time, regulatory requirements will increase and the robustness of our internal processes will need to improve in response.

Emerging risks

In general, we encounter three types of emerging risk:

- The first type is a new risk in a known context, which emerges from the external environment and can impact the organisation's activities.
- The second type is a known risk in a new context, such as the need for new skills and talent to support future services.
- The third type is a new risk in a new context, such as the impact of new AI technology.

We continue to identify new emerging risk trends using inputs from analysis of the external environment and internal sources. We evaluate our risks across different time periods, allowing us to provide the appropriate level of focus. We categorise emerging risks into five categories: technological, political/regulatory, economic, societal and business environment, so that the relevant experts across the business can assess potential impacts and time horizons.

In some cases, there may be insufficient information to fully analyse and understand the likelihood, impact or velocity of a risk. As a result, we may not develop a complete mitigation plan until we have a better understanding of the threat. We provide emerging risks, within predefined risk categories, to the management and the A&RC for further scrutiny.

Other regulatory compliance requirements

Our business is subject to new and changing regulatory and compliance requirements. The Chief of Staff, Group Chief Financial Officer and Vodafone Spain's Chief Financial Officer closely monitor changes to the compliance environment to identify potential impacts on the Group. This includes regular engagement with our professional advisers and our external auditors.

Where changes impact the Group, such as the Corporate Sustainability Reporting Directive (CSRD), we identify relevant stakeholders to engage with to understand requirements and obligations and take professional advice as appropriate. For CSRD, an update was provided to the A&RC in December 2024, and we have set up a ESG sub-committee at the local level that will report to management and by extension to the Board.

The primary method by which we monitor and manage risks is through the weekly Zegona senior management meetings, where business performance, competitive outlook, governance, stewardship, public company and investor matters are planned and discussed.

Risk is also a standing agenda item for the A&RC which has met six times in the Period and any significant emerging risks or change in status to existing risks will be discussed and actions taken as appropriate.

Viability Statement

Longer-term viability statement

The context for the assessment

The Group's business model and strategy are key to an understanding of its prospects, and details can be found in the Strategy and Business Model section on page 4. Our current overall strategy, in place since the acquisition, is subject to the ongoing monitoring and developments described below.

The Board's focus is on developing the Vodafone Spain business. Given the substantial change in our risk profile since acquisition, the Board has ensured that the Group's business plan and risk profile is carefully monitored through weekly Zegona senior management meetings and quarterly Audit and Risk Committee meetings, with relevant findings escalated to the Board.

The assessment period

We believe that three years is the appropriate period over which Zegona should assess its viability as:

- three years is the period over which the Group looks at as part of its risk management processes (given that this period reflects that in which risks tend to emerge and develop);
- three years is the Group's timeframe for detailed, long-term business planning: and
- this time horizon aligns with long term management incentive programmes.

The assessment process and key assumptions

The Group's viability process used the available net cash position as of 31 March 2025 as our starting position, and considered plans and projections that had been produced as part of the wider forecasting cycle, approved by the Board. This was based on a bottom-up cash flow projection driven by operational performance expectations, capital expenditure and other key financial metrics.

Our Board fully participates in this annual process through an annual strategic review meeting. Part of the Board's role is to consider whether the Business Plan continues to take appropriate account of the external environment including macroeconomic, political, social and technological changes.

In performing this assessment, the management team considered a "Base Case" scenario which reflects a realistic but conservative expectation of the Group's operations, results and developments in working capital, liquidity and debt. This Base Case reflects stabilisation of assumptions on customer numbers and revenues in FY26, and continued management of direct costs, customer acquisition and retention costs per customer, together with continuation of current rates of operating and capital expenditure, EBITDAaL measures and net debt assumptions. Since the majority of the Group´s financing is in place for a period longer than three years, we have not modelled any expected changes in financing.

Given we have completed the FiberPass agreement and have signed a binding agreement for the additional FibreCo transaction, we have analysed the results including the impact of FiberPass and reflecting the impact of the FibreCo completing within the original expected timeline. This scenario models the Base Case plus an overlay of the resultant cost impacts, and therefore EBITDAaL less Capex, from the expected carve out of assets.

In addition, a severe but plausible downside scenario has also been modelled, effectively "stress testing" the Base Case assumptions. This assessment considered negative factors such as adverse developments in liquidity, debt and capital, together with reasonable contingencies (the 'Reasonable Worst Case'). This included a decline in numbers of customer additions and revenue per customer and an increase in churn rates resulting from worst case evolutions in competition within the Spanish telecommunications sector. Furthermore, this scenario assumes minimal savings in operating and capital expenditure, with a resulting decrease in EBITDAaL, together with an increase in interest rates by 100 basis points in each year during FY26, FY27 and FY28, partially offset by certain mitigating reductions in operational costs that, under these scenarios, the Group would take to improve liquidity. As part of the 'Going Concern' testing a 'Reverse Stress' test was also undertaken, to ensure that the implications of this were fully understood.

The Board believes that our approach fairly represents the Group's future prospects while also properly considering the principal and emerging risks (see Risks, from page 11). In accordance with provision C.1.2 of the 2018 UK Corporate Governance Code (the "Code"), the Directors have ensured that market competitiveness, transformation of investment operations, ability to create value in the acquired business and adverse movements in debt and liquidity scenarios are specifically included to ensure that the principal risks are robustly assessed.

Viability statement

Based on this assessment of prospects and viability and in accordance with provision C.2.2 of the 2014 Revision of the Code, the Directors have assessed the Group's prospects over a longer period than the 12 months required by the "going concern" provision. The Directors confirm they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending 31 March 2028.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the "going concern" basis, as explained in the Basis of preparation paragraph in note 2.a to the accounts.

The Strategic Report was approved by the Board on 16 July 2025 and is signed on its behalf by:

Eamonn O'Hare
Chairman and Chief Executive Officer

Section 172 Statement

Section 172 Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, section 172 requires a director to have regard, among others, to: the likely consequences of any decision in the long term, the interests of the company´s employees, the need to foster the company´s business relationship with suppliers and others, the impact of the company´s operations on the community and environment, the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly with members of the company.

The Directors give careful consideration to the factors set out above in discharging their duties under section 172. How the Board had due regard to these matters is addressed throughout this Annual Report and is summarised in the table at the end of this section. We have also provided an overview of our engagement with stakeholders in the following pages.

Stakeholder engagement

Customers

Maintaining and growing customer loyalty ensures the continued success of our business and we are committed to fostering enhanced engagement and growing relationships over the longer term, with their feedback an invaluable tool in this process.

Customers can engage directly with our customer service teams via telephone, webchat, social networks and WhatsApp. Customers can also manage their products through the Vodafone app.

Additionally during the Period we provided support to our customers affected by the devastating flooding in Valencia by providing mobile phone replacement or recharging, free SIM card replacement and technical assistance, along with providing additional data to all those in the affected areas.

Employees

Although we have significantly reduced the size of the workforce we have implemented a much more “fit for purpose” organisation. The executive team has been significantly restructured with a greater emphasis on fast decision making, cost reduction and top line growth. There is now a greater sense of purpose in the workforce with people starting to act like ‘owner managers’ with a very positive improvement in employee satisfaction. This is critically important as an engaged workforce is one of the key ingredients for continuous financial performance as we head into our second year of transformation.

Suppliers

Our suppliers are of vital importance in delivering our service to our customers and in meeting our strategic goals. We regularly engage with them through supplier audits and questionnaires, tender processes and events. Our main goals are to promote sustainability, reduce emissions in our supply chain, ensure high health and safety standards and encourage continued innovation. We also believe in supporting the local community and in the Period to 31 March 2025, 88.8% of purchases were from local suppliers.

Governments and regulators

Our relationship with governments and regulators is important and we aim to foster close collaboration to develop policies and regulations that positively impact our industry and customers. By working together, we can help governments and regulators address the challenges faced by the industry.

Investors

The Board is always available for communication with shareholders and the Executive Directors frequently engage constructively with current and potential shareholders, with feedback regularly discussed in depth at Board meetings. This has been supplemented in with consultations with major shareholders undertaken by management. In addition, all shareholders have the opportunity, and are encouraged, to attend and vote at the general meetings during which the Board is available to discuss issues affecting the Group.

Section 172 Statement

s.172 factors	Disclosure	Location
The likely consequences of any decision in the long term	Strategy and business model	page 4
	Business and financial review and key performance indicators	page 7
	Stakeholder engagement	pages 20 to 21
	Corporate responsibility	pages 29 to 31
	Risk management	pages 11 to 17
	Governance	pages 38 to 41
The interests of employees	Business and financial review and key performance indicators	page 7
	Stakeholder engagement	pages 20 to 21
	Corporate responsibility	pages 29 to 31
	Nomination and Remuneration Committee, Remuneration Policy and Annual Report on Remuneration	pages 50 to 71
The need to foster the Company's business relationships with suppliers, customers and others	Strategy and business model	page 4
	Stakeholder engagement	pages 20 to 21
	Corporate responsibility	pages 29 to 31
	Risk management	pages 11 to 17
	Board activities and principal decisions	pages 38 to 41
The impact of the Company's operations on the community and the environment	Stakeholder engagement	pages 20 to 21
	Climate-related risk	pages 23 to 27
	Corporate responsibility	pages 29 to 31
	ESG Committee	pages 22 to 27
The desirability of the Company maintaining a reputation for high standards of business conduct	Stakeholder engagement	pages 20 to 21
	Corporate responsibility	pages 29 to 31
	Governance	pages 38 to 41
The need to act fairly between members of the Company	Stakeholder engagement	pages 20 to 21
	Governance	pages 38 to 41
	Shareholder information	page 41

Non-Financial and Sustainability Information Statement

Location of non-financial and sustainability information

Reporting requirement	Policy and approach	Page
Environmental matters	Climate change policy	23
Employees	Code of conduct	30
Social matters	Stakeholder engagement	20
Human rights	Modern slavery statement	Please refer to our website
Anti-bribery and anti-corruption	Code of conduct	30
	Anti-bribery policy	30
Business model		4
Non-financial KPIs		7

Climate risk management

The Board has overall responsibility for the Group's sustainability initiatives, disclosures and reporting, including overseeing our climate risks and opportunities. For details of how the Board delegates risk management see Risks, pages 11 to 17. Our management team holds day-to-day responsibility for assessing and managing climate-related risks and opportunities.

In this section, we provide a summary of our approach aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"), as well as the requirements of the Companies Act 2006 as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.

TCFD - recommended disclosures	Page
Governance	
(a) Describe the Board's oversight of climate-related risks and disclosures	24
(b) Describe management's role in assessing and managing climate-related risks and opportunities	24
Strategy	
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	25
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning	25
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	In progress
Risk management	
(a) Describe the organisation's processes for identifying and assessing climate-related risks	26
(b) Describe the organisation's processes for managing climate-related risks	26
(c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	26
Metrics and targets	
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	27
(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 emissions, and the related risks	27
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	27

Climate change poses physical and transitional risks to our business, as well as potential opportunities. The former include both physical risks caused by the increased frequency and severity of climate and weather events, as well as transitional risks associated with economic, technological or regulatory changes related to the move towards a greener economy.

We consider the effects of climate change in our strategic and business planning so that we can maximise the value we bring to our customers, investors and the communities where we operate. We also monitor changes in the business landscape to identify and understand opportunities arising from the transition to a low-carbon economy.

Governance

Zegona's A&RC holds responsibility for managing our climate-related risks, which are also integrated into our risk management framework. Our proposed principal risks, watchlist risks and emerging risks are reviewed and approved by Zegona's senior management before submission to the A&RC.

In order to reflect the areas of most ESG risk for the Group, an ESG Committee has been set up, led at the Vodafone Spain level. The ESG Committee oversees Vodafone Spain's response to climate change as part of our sustainability strategy. The committee meets every two months to provide direction on the management of risks and opportunities. We develop actions to strengthen our climate resilience and mitigate climate-related risks in our Climate Transition Plan ("CTP"), planned for launch next fiscal year. Individual senior managers across the Group will be accountable for the design and implementation of these actions and initiatives, representing functions including our networks and technology operations, commercial and enterprise business units, procurement, external affairs and property. The ESG Committee will oversee the overall implementation of the CTP.

Since 2022, Vodafone Spain's business continuity management (BCM) system has been certified under ISO 2230:20201. It includes the implementation and application of controls and measures to manage the general risks to which business continuity is exposed.

Our main objective is to safeguard the safety and wellbeing of our employees. The proactive management of these risks includes the protection of facilities and buildings from natural and environmental risks such as flooding and earthquakes. Our crisis management guide for each area includes materials on natural disasters to support Management in reacting quickly and efficiently. Additionally, and following the DANA in Valencia that occurred in October 2024, we have designed a procedure to respond to catastrophes and other adverse meteorological events.

The BCM programme includes mandatory simulations of contingency plans and critical processes. These exercises allow us to be better prepared for possible disruptions – such as the annual simulation of the complete loss of a switching centre. Most departments in our technology function participate in this complex scenario, which enables us to identify vulnerabilities and incorporate improvements into the procedures that guarantee we can meet established recovery timeframes.

Timeline	Definition	Rationale
Short term	0–3 years	Aligned with the Group's business planning cycle
Medium term	3–5 years	Aligned with internal business metrics
Long term	5–25 years	Aligned with planning horizons for long-lived infrastructure assets

Strategy: Our priority climate-related risks and opportunities

Climate-related risks and opportunities were previously managed and overseen by Vodafone Group. As such, during this transition year, we have been developing our detailed strategy to address the key climate-related risks and opportunities. Although we will continue this strategy development into the current year including the setting of specific measurable targets, we consider that subject to this, our Climate Transition Plan is generally consistent with the key recommendations of TCFD to ensure our resilience to climate-related risks as noted below.

Physical risks

- Extreme weather: Damage to assets or disruption to our own operations or supply chain due to extreme weather events such as storms, flooding and wildfires. Our network infrastructure assets are already being affected by extreme weather (e.g. flooding in Valencia), although currently at a scale that can be managed to avoid major operational impact, asset impairment or cost. Longer term, in combination with geopolitical risks, extreme weather could disrupt supply chains, particularly those that depend on critical regions or locations such as coastal ports.

  Time horizon: Medium term

- Rising average temperatures: Rising average temperatures could damage network equipment and other above-ground infrastructure or cause operational failure (particularly if located in exposed outdoor locations), as well as cause disruption in our supply chain. It could also lead to increasing consumption of energy for cooling infrastructure, data centres and offices, which could increase operating costs.

  Time horizon: Medium term

Transition risks

- Energy costs: Increasingly volatile energy prices and overall higher energy costs, partially driven by carbon pricing and demand for renewable electricity certificates outstripping supply. This risk is particularly prevalent in sites or offices with high dependency on fossil fuels (e.g. operate diesel generators) and non-renewable energy. However, carbon pricing will also drive an increase in cost to procure carbon-intensive products and raw materials, as third parties upstream in the supply chain look to pass through higher costs.

  Time horizon: Short term

- Regulatory compliance costs: As the EU introduces policies to support the climate transition, these could impact our product portfolio (such as energy use of fixed line or mobile devices), operations (such as data centres) or corporate sustainability reporting and disclosures. Over the medium term, as these are made into law in Spain, this could result in a cost to comply or a financial risk from non-compliance.

  Time horizon: Medium term

- Greenwashing risk: Misleading claims about the environmental impact of Vodafone Spain (at a corporate reporting or brand communications level) or its products and services (at a product marketing level) could result in reputation damage, loss of revenues or possibly legal costs.

  Time horizon: Medium term

Transition opportunity

- Customer enablement: Revenue growth from the design and deployment of green digital solutions that enable business customers to reduce their own greenhouse gas ("GHG") emissions, as they seek technology solutions to support their own climate transition.

  Time horizon: Medium term

Exposure to risks and opportunities across a range of scenarios

Given the creation of a Vodafone Spain ESG committee and the significant advances made already in the analysis of the Group's Business model and strategy, Management firmly believes the Group is well placed to develop a full resilience plan in the coming Financial Year.

Risk management

We assess and manage climate-related risks following the process defined by our risk management framework.

Identify

To identify potential climate-related risks and opportunities, we review relevant sources of information such as media articles, publications, industry peer disclosures and industry white papers, in addition to our previous analyses. We engage with relevant internal and external experts to gather views on the evolving nature of climate-related risks for the telecommunications sector and examples of any climate change impacts that might already be materialising. Actual and past climate-related events are also considered to predict future events.

Measure

We assess the likelihood and severity of impact for each risk and opportunity identified. We simulate how the risks and opportunities could materialise over three time horizons, across a range of possible future scenarios.

In assessing the severity of an impact, we consider the relative extent of the potential financial impact through business value drivers such as increased costs, loss of revenue, asset impairment and damage to brand or corporate reputation. In assessing the likelihood of an impact, we consider the potential probability that it will materialise based on current trends, forecasts and projections and levels of uncertainty.

For transition risks and opportunities, their severity and likelihood has been assessed qualitatively across our selected scenarios and time horizons.

We are working towards estimating the financial value at stake from climate-related risks across our business, which will depend upon the completion of a fully quantitative scenario analysis for both physical and transition risks. We aim to complete these quantitative scenario analyses (including transition risks) within the coming year.

Manage

Climate change is discussed and prioritised, relative to other risks, during the principal risk assessment process. In the period, climate change was consolidated as a sub-risk of ESG risk, recognising that climate is one of several wider ESG risks that we manage holistically.

This also aligns with our internal governance structures for ESG, which encompass all aspects of our sustainability strategy. ESG risk was considered a watchlist risk, partly due to the time horizon of climate-related risk being mostly outside the immediate three-year business planning cycle.

We will continue to monitor ESG risk as this agenda evolves in the coming years. In addition, due to the nature of priority climate-related risks to our business and strategy, many elements are already captured in existing principal risks, such as extreme weather events leading to technology failure or third-party risk relating to Scope 3 emissions. This approach enables us to capture a more holistic picture of climate-related risks, both in the short term and long term. As required by our risk management framework, once a risk is identified and assessed, a risk owner is responsible for developing and implementing the mitigating actions and controls.

Assure and monitor

We use a "three lines" model, as detailed in the risk management framework, when managing risks. Relevant assurance providers, such as control owners in the first and second line, are responsible for reviewing the policies, procedures and other relevant information to check whether the controls are effective and update them as necessary.

Report

As described in the Governance section (page 37), reporting of our climate-related risks is integrated into our risk management framework and processes, which are overseen by the A&RC.

The Risk team communicates Vodafone Spain's principal risks, watchlist risks and emerging risks to the CEO of Vodafone Spain and, through him, to the Zegona's senior management including any material climate-related risks that are identified through risk analyses, and indirectly to the A&RC.

Metrics and targets

Following the acquisition and transition from the Vodafone Group who oversaw the Vodafone Spain's climate related-risk strategy, we have implemented a programme to develop our own climate-related risk strategy. We are currently in the process of establishing detailed and measurable climate related targets which we will report accordingly.

We are committed to building on our progress and have already started projects to improve energy efficiency and to switch to renewable electricity where possible.

We intend to develop these in the coming year, and their establishment will form part of the implementation of our transition plan, which started in April 2025. Our transition plan will also outline the areas of uncertainty, dependency on key external factors and risks to the delivery of our targets. Given prior to the acquisition Vodafone Spain relied on on the Vodafone Group for certain elements of reporting on these metrics, we have been unable to provide comparatives. As mentioned before, we are establishing our transition plan which will have data, and data-driven decision making at its core.

Greenhouse gas emissions

Zegona is aware that urgent and continuous action is needed to address the climate crisis, and that business growth should not come at a cost to the environment. We are committed to reducing our environmental impact and helping both customers and society become more efficient. Vodafone Spain closely monitors the gases that it uses, and will continue with its plans for substituting its use of gases and refrigerants where possible, whilst also preventing and recording all possible leaks.

Purchase and use of electricity

All Vodafone Spain's electrical consumption is sourced via renewables sources, evidenced by a Renewable Energy Certification, therefore reportable emissions are zero. Vodafone Spain's total annual usage was 572,871,057 kWh (0 kWh in the United Kingdom).

Key statistics

CO2 emissions from operation of facilities / CO2 emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat, steam or cooling by Vodafone Spain for its own use; the annual quantity, in kWh, of energy consumed from activities for which the company is responsible and the energy consumed resulting from the purchase of electricity, heat, steam or cooling by the company for its own use.

Zegona GHG emissions for Vodafone Spain in the 12 month period to 31 March 2025[12]

	Global tonnes of CO_2e FY25
Scope 1 (fuel and fugitive emissions of refrigerant gases)	3,229
Scope 2 (electricity - zero reported due to 100% being sourced from renewable sources)	0
Scope 1 as a percentage of Vodafone Service revenue	1.07

[12] Our calculations have been compiled by our Vodafone Spain Sustainability team, and the results have audited by KPMG Spain. These follow relevant guidelines published by the Ministerio para la Transición Ecológica y Reto Demográfico (Ministry for Ecological Transition and Demographic Challenge) for the Fiscal years 2024-25
Ratio is 12 months of Scope 1 emissions / 12 months of Vodafone service revenues

Directors' Report

Corporate Responsibility

Corporate social responsibility

We recognise our obligations to act responsibly, ethically and with integrity in our dealings with staff, suppliers and the environment as a whole. We are committed to being a socially responsible business.

Our people
We value and respect the unique contributions of each individual, and we are committed to ensuring that every employee is treated with dignity and respect and has a meaningful opportunity to contribute to the Group's success.

All the Group employees are encouraged actively to engage with charitable activities.

Zegona recognises that a productive workforce requires a breadth of experience and perspectives which is achieved through hiring individuals with diversity of age, gender or educational and professional backgrounds.

The business is committed to diversity and to meeting governance requirements in this important area. In the Period, the Board commenced a recruitment process to meet the 40% gender balance target on the Board. With Suzi Williams who is the Chair of the Nomination and the Remuneration Committees (together "NRC"), Rita Estévez (appointed 28 June 2024) and Sofia Arhall Bergendorff (appointed post Period-end) the Group now achieves the Gender balance target effective for FY26. The Board recognises the importance of diversity on the Board and has significant international experience although the Board notes the lack of members from a minority ethnic background. The Committee is committed to a diversity policy within its Board and is actively incorporating this into its recruitment processes, where possible.

Board Directors and senior managers have been appointed to bring a broad range of skills, knowledge and experience. The NRC will continue to consider the experience and diversity of the Board for new appointments.

The table below shows the breakdown of our workforce at the end of March 2025.

	Male	Female	Total
Board Directors	4	2	6
Executives	44	19	63
Middle management	194	141	335
Other line and departmental support personnel	1176	820	1,996
Total	**1,418**	**982**	**2,400**

Culture

Code of Conduct and business principles

We recognise our obligations to act responsibly, ethically and with integrity in our dealings with staff, suppliers and the environment as a whole. We are committed to being a socially responsible business.

Other ethical codes

Vodafone Spain has voluntarily adhered to other ethical codes of conduct, such as the Code of Ethics in Telesales Operations, Code of Good Practices for Mobile Portability Cancellation, Code of Good Practices for Network Deployment (FEMP), Code of Good Tax Practices and the Mobile Alliance Against Content of Sexual Abuse of Minors.

Anti-Corruption Policy

The Group has a zero tolerance policy against bribery that establishes a set of clear rules and guidelines for conduct, aimed at avoiding corrupt practices. Its purpose is not only to avoid non-compliance with anti-corruption laws, but also any unacceptable conduct that may damage the company's reputation. This policy applies not only to all employees but also to all its contractors, suppliers and collaborators. Essential aspects of the Anti-Corruption Policy are outlined below:

- The commitment of senior management to ensure compliance with national and international anti-corruption regulations and guarantee that the Group's activity is transparent and professional at all times.
- Maintaining a record of gifts and hospitality, not only as an element of control but also of transparency. The Anti-Corruption Policy establishes economic limits for corporate gifts and hospitality, as well as the required approval processes.
- Training plans and awareness and communication campaigns.
- Specific risk assessment processes (Anti-Bribery Risk Assessment), which allow for the identification and implementation of appropriate controls based on the risks of each business area and the review of the Anti-Corruption Policy within the framework of the annual policy review process, carried out on an alternate basis, every two years.

In relation to money laundering and terrorist financing risk, the Group takes robust prevention, detection and reporting measures. In addition, risk-based systems and controls are in place for financial products, which include, among others, acting with due diligence, having lists of jurisdictions and persons subject to financial sanctions, transaction monitoring, notifications of suspicious activity and monitoring of regulatory compliance.

Vodafone Spain, in line with Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, operates a whistleblower channel mechanism called Speak Up, which is applicable to all employees, external collaborators and suppliers, who have access with full coverage 24 hours a day, 365 days a year, and full guarantees of confidentiality, to report any critical concern such as an alleged irregularity, non-compliance or behaviour that could be illegal or criminal (fraud, bribery, price fixing, harassment, intimidation or conflict of interest, among others).

Actions against fraud and corruption

All areas of the company are continuously analysed and monitored with respect to the Risk of Fraud and Corruption and, on a quarterly basis, the A&RC is informed of any fraud and corruption actions that may have occurred during the Period. In the Period, no incidents of corruption were recorded.

Privacy

The Group is fully compliant with the General Data Protection Regulation (GDPR) and has implemented a continuous improvement process to ensure the highest level of security and privacy for the personal data it processes. Furthermore, Vodafone Spain successfully renewed its Information Security Management System certification (ISO 27001) which provided comfort over the Management and Security of its customers' Information and Communications.

Vodafone Spain adheres to the Code of Conduct for Data Processing in Advertising Activities promoted by AUTOCONTROL and approved by the Spanish Data Protection Agency (AEPD). This Code provides an alternative means for resolving data protection disputes and includes a series of guidelines to be followed by registered entities. By adhering to this Code, Vodafone Spain underlines its commitment and proactivity to GDPR compliance in its advertising activities.

Human rights

We want to make sure that we have a positive impact on people and society, which includes respecting human rights in all our operations.

As a telecommunications operator, we connect people. This means that our most significant human rights risks relate to our customers' rights to privacy, concerning their data that we safeguard, and freedom of expression, in terms of their ability to receive, seek and share information, through the connections we provide. As noted in the Risk section of this report (page 11) this is a key area of compliance for the Group.

As an employer of a large workforce, we also maintain a grievance mechanism 'Speak Up' accessible to all individuals in our employ, providing a platform to raise concerns about human rights issues.

In addition we have a stated aim to prevent modern slavery in our business, which can been read in detail in the Modern Slavery Statement on our website.

Compliance culture

The Group is committed to the existence of a true culture of compliance and control with respect to regulations, and zero tolerance for the commission of illegal acts, as the only way to make the prevention model sustainable.

The Group has implemented audit plans, as well as training plans, which include mandatory online general training on a regular basis for all employees, including the senior management team, regarding mandatory regulations, corporate policies and the Code of Conduct. In addition, specific training is provided to the most affected groups in accordance with the purpose of the corporate policy in question. Similarly, with the aim of reinforcing the compliance culture, information and awareness campaigns are carried out to regularly transmit to all employees a clear message of the Group's commitment to ethical culture and regulatory compliance.

Prevention and Control Tools

The Group has implemented a series of measures to verify the effectiveness of compliance with its corporate policies, which, together with the Code of Conduct, form the foundation of the Group's lines of defence see page 47 for more detail on the Group's control environment.

Directors' Responsibility Statement

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. They are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement in accordance with those same laws and regulations.

Company law requires the Directors to prepare the Group financial statements in accordance with UK-adopted international accounting standards, and they have elected to prepare the parent Company financial statements on the same basis.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern; and
- use the going-concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the parent company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess Zegona's position and performance, business model and strategy.

By order of the Board

Eamonn O'Hare
Chairman and Chief Executive
16 July 2025

Directors' Report

General

Details of the Directors can be found on pages 42 to 44. A discussion on the role of the Board, including the powers of the Company's Directors can be found in the Corporate Governance Statement beginning on page 38. The rules relating to the appointment and replacement of Directors and details of any agreements with the company and its Directors or employees for compensation for loss of office or employment can be found in the Directors' Remuneration Report beginning on page 55.

Governance

As a publicly listed company, strong governance is core to how we do business. Zegona's Board of Directors (the "Board") held eleven scheduled meetings during the Period to discuss key strategic matters and stakeholder interests.

The NRC held eight scheduled meetings during the Period to advise the Board on policies for executive remuneration and reward packages for the Chair, executives and senior management team (two committees were held in FY23). The NRC has been split into two Committees since June 2025, the Nomination Committee and the Remuneration Committee.

The A&RC held six scheduled meetings in the Period to provide effective governance over the appropriateness of the financial reporting of the Group, including the adequacy of related disclosures, the performance of the internal audit function and the external auditor and oversight of the Group's systems of internal control, risk management framework and compliance activities (two committees were held in FY23).

Information contained in the Strategic Report

As permitted by section 414C of the Companies Act 2006, certain information required to be included in the Directors' Report has been included in the Strategic Report. Such information includes:

- employee matters;
- stakeholder engagement;
- likely future developments; and
- GHG emissions.

Result

For the Period ended 31 March 2025, the Group's loss after tax from continuing operations was €438.8m (2023: €15.6m). Other comprehensive gain was €11.2m (2023: €8.1m). Therefore, the total comprehensive loss for the Period was €427.6m (2023: €7.4m). Reviews of performance and likely future developments are set out in the Strategic Report on pages 7 to 27.

Dividends

No dividends are proposed to be paid.

Contracts of significance

Subscription and Relationship Agreement dated 31 October 2023:
EJLSHM Funding Ltd subscribed for €900 million of new Zegona Shares in October 2023, the proceeds of which were subsequently used in the acquisition of Vodafone Spain. This agreement remained in place in full during the Period.

Borrowings:
During the Period the Group entered into significant loan agreements to provide financing for the acquisition. The key points of these contracts are summarised in note 21.

Vodafone Transitional Service Agreements (TSAs):
As part of the acquisition a number of TSAs were agreed with Vodafone Group plc. These included, but were not limited to, support across IT and service functions and last for between 2 -10 years.

Fiberpass:
Fiberpass, the joint venture between Vodafone ONO, S.A.U. (Vodafone Spain) and Telefónica de España, S.A.U. (Telefónica), launched on 1 March 2025 and covers almost 4 million premises across Spain

Capital structure

Zegona Communications plc (registered number 09395163) has a capital structure comprised of 759,209,905 ordinary shares of £0.01 each ("Ordinary Shares"). The holders of Ordinary Shares have the right to receive notice of, attend and vote at all general meetings of the Company. We note that, pursuant to the Conditional Subscription and Relationship Agreement dated 31 October 2023, a substantial shareholder, EJLSHM Funding Limited has irrevocably agreed with Zegona not to exercise its voting rights (other than in connection with a takeover), and there are further restrictions around future sales by EJLSHM Funding Limited of Zegona's shares. Holders of Ordinary Shares have the right to participate in any dividends and any surplus capital on a winding up pari passu amongst themselves.

Approval was requested and granted at the Company's AGM on 28 June 2024 to reduce the capital of the Company by an amount of £160m via a transfer from the share premium account to other reserves – capital redemption, which forms part of the distributable reserves of the Company.

During the Period, as part of the redemption of the management incentive plan, 55,060,496 new Ordinary Shares were issued (see note 29.).

Share buy-back authority

The shareholders passed a resolution to renew the authorisation for the Company to make market purchases of up to 15% of its current issued ordinary share capital (within specified price parameters) in the 2023 AGM, which expires on the earlier of the 2025 AGM or 30 September 2025. A resolution to renew this authority is proposed for the 2025 AGM. It is intended that this authority will only be exercised if the Board considers that it is in the best interests of the Company at the time, for instance if the traded price of the Company's Ordinary Shares is substantially below the Director's estimate of the Company's intrinsic value. Any shares repurchased by the Company may be held in treasury and subsequently resold for cash, cancelled or used for employee share scheme purposes.

Financial instruments

Information on financial instruments and the use of derivatives is given in note 25 to the financial statements.

Internal control and financial risk management

A description of the main features of the Company's internal control and risk management arrangements in relation to the financial reporting process can be found in the Audit and Risk Committee Report on page 47. Details of the Company's financial risk management activities can be found in note 25 to the financial statements.

Significant agreements subject to change of control provisions

Zegona Limited has issued Management Shares as part of Zegona's incentive arrangements. On a change of control of Zegona, subject to the requirements of the Articles of Association of Zegona Limited, the Management Shares can be exercised with their value being delivered either through the issue of ordinary shares or in cash.

Substantial shareholders

At 31 March 2025 and up to the date of approval of this report, Zegona had been notified under DTR 5 of the following holdings in 3% or more of the issued ordinary shares:

Asset manager	Shareholding at 30 June 2025	% of ordinary share capital as at 30 June 2025	Shareholding at 31 March 2025	% of ordinary share capital as at 31 March 2025
EJLSHM Funding Ltd	523,240,603	68.92 %	523,240,603	68.92 %
Mr Eamonn O'Hare	35,327,787	4.65 %	35,327,787	4.65 %
Thornburg Investment Management	34,150,019	4.50 %	34,502,460	4.54 %
Fidelity Investments Limited	31,774,516	4.19 %	29,504,287	3.89 %
	624,492,925	82.26 %	622,575,137	82.00 %

Independent auditor

On 16 July 2024, EY was appointed the Group's auditor and a resolution for their reappointment will be proposed at the 2025 AGM. EY has confirmed that it remains independent of the Group.

Political donations

Zegona does not make any political donations or contributions to political parties and has no intention of altering this policy.

Disclosure of information to the auditor

Each of the persons who is a Director at the date of approval of this report confirms that, so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Statement of going concern

The Directors have considered all available information, including specific consideration of forecast financial information, about the possible future outcomes of events and changes of conditions, and the realistically possible responses to such events and conditions that are available to the Directors. The Board believes it is appropriate to prepare the financial statements on the going concern basis and, as discussed in note 2.b to the financial statements, has concluded the Company is able to continue in business and meet its liabilities as they fall due, for the period to 31 December 2026.

By order of the Board

Eamonn O'Hare
Chairman and Chief Executive
16 July 2025

Corporate Governance

Corporate Governance Statement

Overview

The corporate governance report, presented here, forms part of the Directors' Report. As such, it has been approved by the Board and signed on its behalf by the Chairman.

We recognise the importance of sound corporate governance, to provide an effective framework within which to form our decisions and build our business. The Board is focused on creating long-term sustainable growth for our shareholders and value for our stakeholders. Our corporate governance framework helps us achieve this goal and we are committed to continuing to seek opportunities to improve our corporate governance arrangements.

The following sections of this report show how Zegona applies the main provisions set out in the 2018 UK Corporate Governance Code (the "Code"), issued by the Financial Reporting Council ("FRC"), as would be required by the Listing Rules of the Financial Conduct Authority ("FCA") as applicable to non-FTSE 350 companies if Zegona were admitted to the Premium segment of the Official List, and how Zegona meets the relevant information provisions of the FCA's DTR.

Zegona's principal risks are described in the Risks section, page 11. The Directors' Report, page 34, also contains information required to be included in this statement of corporate governance.

The Board of Directors

Zegona is led and controlled by an effective Board. The Board at the date of approval of this report comprises two Executive Directors and five independent Non-Executive Directors. The two Executive Directors are Eamonn O'Hare (Chairman and Chief Executive) and Robert Samuelson (Chief Operating Officer ("COO")). The Non-Executive Directors are Richard Williams, Ashley Martin, Suzi Williams and Rita Estévez Luaña (with Sofia Arhall Bergendorff being appointed post Period-end on 24 April 2025).

Biographical details of all Directors and details of their committee memberships at the date of approval of this report appear on pages 42 to 44. Consideration of the Board size and composition is kept under regular review by the Nomination Committee.

Powers and operation of the Board

In exercising its duty to promote Zegona's success, the Board is responsible for overseeing the management of the Company and, so doing, may exercise its powers, subject to any relevant laws, regulations and Zegona's Articles of Association. The Board is presented with papers from Management concerning financial information, information on investor relations and details of acquisition targets and deal progress, which it takes into account in discussions and in the decision-making process under section 172 of the Companies Act 2006.

Eamonn O'Hare, as the Chairman and Chief Executive, is primarily responsible for the running of the Board and for the day-to-day running of Zegona. All Board members have full access to Zegona's advisers for seeking professional advice at Zegona's expense and our culture is to discuss openly any important issues and frequently engage with Board members outside of formal meetings. The operating and financial responsibility for all subsidiary companies is the responsibility of the Board.

The Board meets formally at least six times a year and the Directors are encouraged to have free and open contact with Management at all levels and full access to all relevant available information. The Executive Directors actively and constructively encourage challenge and seek input from the Non-Executive Directors to draw on their extensive experience and knowledge.

The Board delegates the day-to-day responsibility for running Zegona to the executive management; however, there are a number of matters which are required to be, or should only be, decided by the Board of Directors as a whole in accordance with the UK Corporate Governance Code. A schedule of Matters Reserved for the Board, approved by the Board on 5 June 2025, can be found on Zegona's website[13].

Board Committees

The Board has three principal Committees, the Audit and Risk Committee (A&RC), the Nomination Committee and the Remuneration Committee (which was combined with the Nomination Committee during the Period and the combined committee is referred to as the NRC), to assist it in the execution of its duties. If the need should arise, the Board may set up additional committees as appropriate. The committees' terms of reference are available on Zegona's website or by request from the Company Secretary (cosec@zegona.com). Each of the Committees is authorised, at Zegona's expense, to obtain legal or other professional advice to assist in carrying out its duties. No person other than a committee member is entitled to attend the meetings of these committees, except by invitation of the chair of that committee.

We regularly review the composition of these committees, detailed on page 42, taking into consideration the Nomination Committee's recommendations.

Independence of the Board

The Code specifies that the Board should identify in the Annual Report each Non-Executive Director it considers to be independent. The Board considers that Ashley Martin, Suzi Williams and Rita Estévez Luaña, together with Sofia Bergendorff who was appointed in June 2025 were independent Non-Executive Directors for the purposes of the Code and have no relationships or circumstances which are likely to affect, or could appear to affect, their judgement as Directors. Richard Williams does not meet the criteria for an independent Non-Executive Director for the reasons explained below.

Board and committee attendance for the Period 1 January 2024 to 31 March 2025

	Board	Nomination and Remuneration Committee	Audit and Risk Committee
Eamonn O'Hare [a]	7/8	-	-
Robert Samuelson [a, b]	5/8	-	-
Richard Williams	8/8	8/8	6/6
Ashley Martin	8/8	8/8	6/6
Suzi Williams [c]	8/8	8/8	3/3
Rita Estévez Luaña [d]	5/5	5/5	3/3

[a] Recused from one meeting as the topic was related to the MIS awards that they had an interest in

[b] Was not required to attend two Board meetings as was engaged in finalising negotiations of the Netco transaction. The objective of those Board meetings was to provide the rest of the Board with an update on these negotiations, which was provided by the other Executive Director.

[c] Appointed to the Audit and Risk Committee on 28 June 2024

[d] Appointed to the Board, Audit and Risk Committee and the Remuneration and Nomination Committee on 28 June 2024

Evaluation of the Board, committees and individual Directors

The Board has conducted an annual evaluation of its own performance and that of its committees by means of a questionnaire completed by the Directors. The questionnaire was drafted having regard to the balance of skills, experience, independence and knowledge contributed by the Board's members, its diversity, successful operation as a unit and other factors relevant to its effectiveness.

To ensure independence and objectivity, the questionnaire was designed, administered and reviewed on a confidential basis. The anonymous responses were sent to each Non-Executive Director for consideration and discussion at a meeting of the full Board.

[13] Zegona website.

Directors' terms of service

Zegona's Articles of Association require each Director to offer themselves for re-election or election at each AGM by Zegona's shareholders. The Chairman is satisfied that the performance of the Directors continues to be effective and demonstrates their ongoing commitment to the role and as such supports their re-election at the 2025 AGM.

The Executive Directors have service contracts which may be terminated on no less than 12 months' notice by either party. The Non-Executive Directors each have appointment letters which can be terminated on six months' notice. All Non-Executive Directors' continued service is dependent on annual re-election by shareholders and the annual Board effectiveness review. We set out details of the unexpired terms of the service contracts in the Directors' Remuneration Report.

Conflicts of interest

Zegona's Articles of Association provide for a procedure for the disclosure and management of risks associated with Directors' conflicts of interest. Zegona's Board Charter sets out the process for managing significant Board or investor disagreements or conflicts.

Company secretary

Crestbridge Corporate Services Limited, which was renamed Gen II Corporate Services (Jersey) Limited on 16 April 2024, was appointed Zegona's Company Secretary on 24 February 2021. In January 2025 the Company appointed Mark Millar as General Counsel and Chief of Staff. The General Counsel and the Company Secretary assist the Directors in ensuring Zegona is managed, controlled and administered within the parameters of its governing and constitutional documents. All Directors have access to the advice of the General Counsel and the Company Secretary, who are responsible for guiding the Board on all governance matters.

Compliance with the UK Corporate Governance Code

The Code sets out a number of principles in relation to board leadership and company purpose; division of responsibilities; composition, succession and evaluation; audit, risk and internal control; and remuneration.

The Company has a transition listing and as such is not required to comply with the UK Corporate Governance Code however voluntarily does so, except in the instances set out below:

Combined Chairman and CEO

Provision 19 of the Code recommends that the roles of Chairman and the Chief Executive Officer should not be exercised by the same person and that the Chairman should be independent on appointment, their tenure should be limited to nine years and succession planning should be undertaken when appropriate. Zegona does not comply with these requirements. The Board presently believes that Eamonn O'Hare's skills, knowledge and leadership have enabled him to effectively perform both roles. Zegona also maintains a Schedule of Matters Reserved for the Board which prevents Eamonn from authorising certain corporate actions without a formal resolution of the Board which is re-enforced by the Board's culture of detailed review and robust challenge on significant matters. The Board considers that it is important that this should continue to be kept under active review.

Appointment of a Senior Independent Director ("SID")

Provision 12 recommends that one Non-Executive Director should be appointed as a SID to provide a sounding board for the chair and serve as an intermediary for the other Directors and shareholders. Zegona does not currently have a SID. All of its Non-Executive Directors are used as a sounding board and can be contacted by shareholders.

Whistleblowing policy

All employees are encouraged to raise genuine concerns about possible improprieties in the conduct of the Group's business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way. The Group has put in place a whistleblowing policy which aims to:

- encourage employees to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- to provide employees with guidance as to how to raise those concerns; and
- to reassure employees that they should be able to raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken.

Share dealing

Zegona has in place systems to ensure compliance by the Board and its applicable employees' in relation to dealings in the Company's securities. The share dealing code, adopted by the Board, is appropriate for the Group and complies with the EU Market Abuse Regulation (2214/596/EU). The Board complies with these provisions and takes all reasonable steps to ensure compliance by the Group's employees.

Relations with Zegona's stakeholders

The Board is always available for communication with, and our Executive Directors frequently engage constructively with, current and potential shareholders, with feedback regularly discussed in depth at Board meetings. This has been supplemented in the last three years with consultations with major shareholders undertaken by Management.

See further information on our relationship with our key stakeholders on page 20 and on the Shareholder Information page of our website.

Eamonn O'Hare
Chairman and Chief Executive
16 July 2025

Profiles of the Directors

Eamonn O'Hare

Chairman and CEO
(appointed 19 January 2015)

Eamonn has spent over two decades as a board member and senior executive of some of the world's fastest-growing consumer and technology businesses. From 2009 to 2013 he was CFO and main board director of the UK's leading entertainment and communications business, Virgin Media. Eamonn helped lead successful transformation and sale to Liberty Global for USD $24 billion, crystallising USD $14 billion of incremental shareholder value. From 2005 to 2009, he served as CFO for the UK division of one of the world's largest retailers, Tesco plc. Before joining Tesco, Eamonn was CFO and main board director of Energis Communications and helped lead the turnaround of this high-profile UK telecommunications company. Prior to this, he spent 10 years at PepsiCo Inc. in senior executive roles in Europe, Asia and the Middle East. Eamonn's early career was spent in the aerospace industry with companies that included Rolls Royce and British Aerospace.

Eamonn has a degree in aerospace engineering from the Queen's University Belfast and an MBA from the London Business School.

Robert Samuelson

Executive Director and COO
(appointed 19 January 2015)

Robert was Executive Director of Group Strategy at Virgin Media from 2011 to 2014, during which time he was centrally involved in the sale of the business to Liberty Global and the post-merger integration process. Prior to this, Robert was a managing partner at Virgin Group with global responsibility for developing and realising returns from Virgin's telecommunications and media businesses. Before joining Virgin Group, Robert was a director at Arthur D. Little Ltd, where he co-led the European corporate finance practice, providing strategic advice to major European telecommunications operators. His early career was spent with British Aerospace and Royal Ordnance in engineering and production management roles.

Robert studied natural sciences at Cambridge University and has an MBA from Cranfield School of Management.

Richard Williams

Non-Executive Director
(appointed 9 November 2015)

Richard is an experienced Non-Executive Director with significant board-level experience in both public and private companies and currently holds a number of non-executive director roles. Richard spent most of his executive career in European telecommunications, most recently as a Director of Investor Relations at Altice, and prior to that, Virgin Media. Richard led Virgin Media's investor relations activity through to the acquisition of the company by Liberty Global in 2013. Richard then joined Altice, where he supported the company's IPO and acquisition of SFR and Portugal Telecom.

Richard is a qualified chartered accountant and was a member of both the NRC and the A&RC in the Period. On 5 June 2025 Richard Williams resigned from both committees.

Ashley Martin

Independent Non-Executive Director
(appointed 6 February 2017)

Ashley brings a wealth of complementary experience to the Board. Ashley was Audit Committee Chair at Rightmove plc from 2009 to 2018 and, in that role, gained valuable insight into an entrepreneurial, high-growth consumer technology business. On 1 September 2018, Ashley was appointed as a Non-Executive Director of the international research data and analytics group YouGov plc. Ashley has also enjoyed a successful executive career spanning 35 years in listed and Private Equity backed companies, with a particular focus on mergers and acquisitions. Ashley was Global Chief Financial Officer of private equity-backed Engine Holding LLC, and was previously the Group Finance Director of Rok plc, the building services group, and Group Finance Director of the media services company Tempus plc.

Ashley is a qualified chartered accountant, is Chair of the A&RC and a member of both the Nomination and Remuneration Committees.

Suzi Williams

Independent Non-Executive Director
(appointed 5 February 2020)

Suzi is an experienced FTSE 250 Non-Executive Director. She has spent over 25 years in telecommunications, media and consumer businesses in the UK and internationally, including a decade as Chief Brand and Marketing Officer at BT plc. Prior to that, she was Commercial Development Director at Capital Radio Group and held senior commercial leadership roles at Orange, the BBC, KPMG Consulting and Procter & Gamble.

Suzi is currently a Non-Executive Director and Chair of Nominations at Telecom Plus plc. She also advises a number of early-stage technology and AI businesses.

Previously, she was Senior Advisor to The Sustainable Infrastructure fund at Gresham House Private Equity. She also held non-executive director and Chair of Remuneration Committee roles at Workspace Group plc and The AA plc. Suzi was also a member of The Great Advisory board, promoting British business overseas.

Suzi chairs both the Nomination and Remuneration Committees and was appointed a member of the A&RC on 28 June 2024. On 5 June 2025, Suzi Williams resigned from the A&RC, following the appointment of Sofia Arhall Bergendorff.

Rita Estévez Luaña

Independent Non-Executive Director
(appointed 28 June 2024)

Rita is an experienced senior executive with 30 years of professional experience in both the technology and the financial sectors. She has been the CEO and President of Experian Iberia, COO and Digital Strategy officer for Europe and Asia at Deutsche Bank (PBC) and Country Head of GE Financial Insurance.

Additionally, Rita has 10 years' experience as a non-executive director, including serving as an independent director at Linea Directa Aseguradora, a listed insurance company in Spain, and Bank MoraBanc/Tressis. She was also an independent director for Telefónica Consumer Finance and sits on various advisory boards, primarily in the technology industry, and is an Advisor to the Board of leading retail distribution store Clarel Beauty.

Rita holds a double degree in Business Administration/Management and Law from the Universidad Pontificia de Comillas (ICADE). She has also completed various post-graduate technology and management specialised programmes at Insead, IESE and Singularity University, among others. Rita is a member of the Nomination and Remuneration Committees and the A&RC.

Sofia Arhall Bergendorff

Independent Non-Executive Director
(appointed 24 April 2025)

Sofia is an experienced business leader with an international executive career spanning three decades with extensive experience in the technology and media sectors. With more than 13 years in global and regional executive roles at Google, she brings a wealth of expertise in digital transformation, strategic partnerships and customer-centric innovation.

Sofia currently holds board positions at Norstat, Ziton, Norwegian Air, Parken Sport and Last Mile plc. She has previously served as Non-Executive Director at Tele2, TDC Holding, Bluestep Bank and Reseguiden. Sofia is a member of the A&RC.

Audit and Risk Committee Report

I am pleased to present the Audit and Risk Committee report for the Period from 1 January 2024 to 31 March 2025 .

The Audit and Risk Committee ('A&RC') is an essential part of Zegona's governance framework, to which the Board has delegated oversight of Zegona's financial reporting, internal controls, risk management and the relationship with the external auditor. As it discharges its duties, the A&RC embraces its role protecting shareholder interests with respect to the integrity of Zegona's published financial information, the effectiveness of controls and the audit process[14].

Committee membership and meetings

In the Period to 31 March 2025, the A&RC's members were Ashley Martin (Chair), Richard Williams, Suzi Williams (from 28 June 2024) and Rita Estévez Luaña (from 28 June 2024). Subsequent to 31 March 2025, but prior to the signing of this report, the new independent director Sofia Arhall Bergendorff, who has extensive experience of working within the telecommunications industry, was appointed to the A&RC with Suzi Williams and Richard Williams resigning effective from 5 June 2025. The Company Secretary acts as secretary to the A&RC.

Following Ashley Martin completing eight years in the role, succession planning for the A&RC Chair role is underway and the Board expects to announce the new appointment during FY26.

The A&RC met six times in the Period (including to formally approve the interim financial statements). These meetings are aligned with the financial reporting timetable, enabling it to review the interim financial report, the year-end audit plan and the Annual Report, as well as maintain a view of the Group's internal controls and risk management processes. A summary of the A&RC members' attendance can be found on page 39.

As required by provision 24 of the Code, the Board is satisfied that the Committee possesses competencies relevant to the sector in which Zegona operates. From a financial perspective, this comprises the Chair's experience from his previous roles as CFO of listed and private equity-backed businesses, as well as both he and Richard Williams' qualifications as chartered accountants. Furthermore, the composition of the Committee is well balanced, with the digital media and consumer experience of Ashley Martin and the telecommunications knowledge of Richard Williams being complemented by Suzi Williams' experience in the telecommunications sector and the technological expertise of Rita Estévez Luaña.

The Group Chief Financial Officer, Head of Internal Audit, Vodafone Spain's Chief Financial Officer and the External Audit Partner are invited to all the A&RC's meetings, and other participants are invited on relevant subject matters, as required.

In addition, the A&RC meets separately with the external auditors without Management present, and the Chair maintains regular contact with the Chief Financial Officer, Head of Internal Audit, other members of the management team and the lead external audit partner outside of the formal meetings to discuss findings, updates and provide open feedback.

The Chair reports formally to the Board on the key matters considered by the Committee, and minutes of those meetings are circulated to the Board.

The Board considered the A&RC's effectiveness as part of its annual effectiveness evaluation – a process which confirmed the A&RC remains effective and provides robust challenge as evidenced through the meetings and areas covered during the Period.

[14] The Audit and Risk Committee's role and responsibilities are set out in its terms of reference, which are available on Zegona's website and from the Company Secretary.

Financial Reporting

The A&RC reviews the processes and controls that underpin the Annual Report's preparation, ensuring that all contributors and senior management are fully aware of the requirements and their responsibilities. This included the financial reporting responsibilities of the Directors under section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as well as considering the interests of other stakeholders that will have an impact on the Company's long-term success.

Key judgements and estimates

The key judgements and estimations impacting these financial statements can be found on page 90 in notes to the Consolidated Financial Statements. A summary of these, and how the judgements were evaluated, is included below:

Going concern and viability assessment

The A&RC reviewed the going-concern assumption and the assessment forming the basis of the longer-term viability statement. By reviewing Management's work to assess Zegona's resilience to its principal risks, the A&RC confirmed that a three-year assessment period remains appropriate for the viability period.

The going-concern assessment involved reviewing the underlying assumptions around cash flows, Management's stress testing of these assumptions and challenging Management's judgments around the Group's ability to meet liabilities as they fall due (for a period of at least twelve months from the approval of the financial statements). This included assessing whether these judgements were consistent with the Group's strategic position and reviewing the proposed disclosure around going concern in the Annual Report. This review also included evaluating the reverse stress test process to evaluate the quantum of decrease in trading performance required to result in breaching the debt covenants.

Acquisition accounting

The A&RC reviewed and agreed with Management's accounting treatment of the purchase price allocation (PPA), including the application of IFRS 3, the relevant assumptions and judgements underlying the fair-value assessments and the support for the resulting goodwill. To further support the accounting treatment, a report was obtained from Deloitte Spain which detailed all the allocations and rationale for the key areas of judgement.

Revenue recognition

As a key area of audit risk and part of the externally reported KPI metrics which are used to operate the business, the A&RC reviewed the revenue recognition policy and areas of judgement. Focussing on the judgements surrounding the allocation of revenue to goods versus services and related gross versus net presentation (defined by agent or principal status), the A&RC discussed with the external auditors upon appointment, who were the previous auditors of the Vodafone Spain Group. We challenged EY on this risk, who had reviewed the Due Diligence Report, produced by PricewaterhouseCoopers (PwC) as part of the sale process, as well as discussing with management and using their industry knowledge to provide additional external support for the judgements used.

Lease accounting

Given the importance of the categorisation of leases against service contracts and definition of lease length, the A&RC challenged management and the external auditors on judgements and assumptions inherent in the categorisation of such arrangements and reviewed the Deloitte Spain PPA report in order to understand the judgements used.

Intangible and tangible assets – useful economic lives

The carrying value of intangible assets is driven by assumptions on customer churn, and the useful life of capitalised software and spectrum assets is defined by inherently subjective judgements on obsolescence probability. Similarly, tangible assets' useful lives depend on judgements about future utilisation, which can be relatively subjective. The A&RC discussed with management their approach to determining useful economic lives and the assumptions and judgements used in the determination and also reviewed the Deloitte Spain report, produced to ascertain fair value of these assets as part of the PPA process, to enable them to take a considered view of the judgements used.

Impairment

All intangible assets with indefinite lives and goodwill needs to be reviewed annually to evaluate whether future expected performance support the current value. The A&RC reviewed managements evaluation and their estimates of future events, and the associated judgements made.

Joint venture classification

As part of the FiberPass transaction, Management exercised judgement in the classification and reviewing of the accounting treatment. PwC was consulted on the accounting underlying the transaction, and an accounting memo supporting the treatment was reviewed by the A&RC in coming to its assessment of the classification.

Provisions

Given the size and nature of certain provisions created in the Period, the A&RC discussed the treatment and quantum of the material trading and restructuring provisions to understand the underlying factors and assessments made.

Asset held for sale

On 2 January 2025, the Group announced that Vodafone Holdings Europe, S.L.U. and MasOrange, S.L. had entered into a binding contract to create a new fibre network company in Spain ("FibreCo"). The relevant assets and liabilities which will be transferred out of the Group are therefore disclosed as Held for Sale in the financial statements. The A&RC challenged management on the de-recognition of the assets and the appropriateness of recording these as assets for sale, considering the agreements reached and longer term plans.

Incentive schemes

Incentive schemes rely on judgements and assumptions around future performance and estimates over probabilities of future outcomes. In order to gain comfort over the accounting for the Group's incentive schemes, the A&RC reviewed Deloitte UK's Monte Carlo valuations to provide comfort over future share price evolution and also assessed the support and rationale behind Management's probability analysis.

Relationship with the external auditor

In accordance with the CMA Order 2014, the Group is required to tender the audit engagement at a period of not less than 10 years. During the Period, the A&RC led a rigorous process to select and appoint the new audit firm and lead audit partner, Marcus Butler.

EY was appointed as Zegona's external auditor on 16 July 2024. The A&RC believes EY will provide robust challenge to Management and independent reports to the A&RC on specific financial reporting and judgements, whilst also providing continuity and specific knowledge from their status as previous auditors of the Vodafone Spain Group. EY presented a formal audit plan to the A&RC, which was reviewed, duly ratified and the proposed audit fees approved.

EY reviewed the interim financial statements published in September 2024.

During the Period covered by these financial statements, £1.2m (€1.4m) of non-audit fees were paid to EY, principally relating to other assurance services in relation to the raising of the secured loan notes. These services and fees were approved by the A&RC.

The A&RC maintains a policy that requires the prior approval of non-audit services by the A&RC and the Chief Financial Officer to ensure that such services do not impair the external auditor's independence or objectivity. Additionally, the external auditor's independence and objectivity is further safeguarded by the A&RC policy of prohibiting the employment of any current or former employee of the external audit firm and those with any immediate family members who are employees of the external auditors. This policy is compliant with the revised FRC Ethical Statement Standard. The independence of the external auditor is regularly reviewed and the A&RC is satisfied that the external auditor is independent.

Internal audit, risk management and controls

The Board is responsible for establishing and maintaining the Group's system of internal control. It has designated the A&RC as the primary owner for the annual review of this system's adequacy and effectiveness, including the risk management framework, the compliance framework and the work of the internal audit function.

The Group's internal control systems are designed to address the risks it is exposed to, to ensure the integrity of our financial and accounting information, promote accountability and minimise the risk of fraud. The procedures are designed to manage rather than eliminate risk and, by their nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

Internal audit

Vodafone Spain's strong and effective internal audit function has been reviewed and approved by the A&RC, and this function forms an integral part of the Group's control matrix. In addition, for effective management of risk and controls, different functions across the company are involved in the risk management process, with specific roles and duties in a structure based on the "three lines of defence" model:

- there is the first line of defence that, amongst other functions, establishes and maintains appropriate structures and processes for the management of operations, risk and controls;
- a second line of the defence that provides complementary expertise, supporting and monitoring of risk, control and other compliance functions defined by management separate from the first line of defence but under control and direction of management; and
- Internal Audit as a third line of defence that provides independent assurance to the Board, the A&RC and senior management concerning the effectiveness of management of risk and control, through a risk-based approach.

The Head of Internal Audit presented the department's Strategy and Charter, communications protocols, the Internal Audit budget and the plan for FY26 to the A&RC, Group CFO and Chair of the A&RC before being formally approved by the A&RC.

During the Period, the Head of Internal Audit presented summaries of the six internal audit reviews undertaken during the Period across a number of operational areas covering consumer and enterprise business activities. The reports and resultant action points were all circulated to the A&RC. During FY26 the action points from previous audits will be reported to the A&RC and the following main areas have been proposed for review: European telecommunications compliance, credit note, discount management and device financing, revenue recognition and customer churn management.

Risk management

The Group's risk management framework incorporates a risk assessment that identifies and assesses strategic, operational, financial and compliance risks; mitigating controls; and appropriate corrective actions. This assessment is regularly reviewed by Zegona's senior management and was reviewed and discussed by the A&RC three times during the post-acquisition period. See the Risks section, page 11, for details on the Group's identified risks.

The Group's internal control system includes detection, prevention and correction controls for the different identified risks, including:

- Entity-level controls based on the different components, control environment, risk assessment, control activities, information and communication, and monitoring activities. These encompass guidelines for the Group's governance as structure, authority and responsibilities for the Board as well as the Zegona and the Vodafone Spain senior management teams, communications processes, analysis of financial results and their integrity, and adherence to applicable regulations and standards.
- Systems and procedures to identify, assess, control and monitor principal and emerging strategic, commercial, financial and regulatory risks (which are regularly considered by the Board).
- A team of professional advisers with legal, capital market, M&A, accounting, regulatory and public relations expertise, providing advice to Management and the Board.
- A schedule of Matters Reserved for the Board to ensure that the Board is involved in all critical decisions.
- A comprehensive system of budgeting, forecasting and monthly reporting, and rigorous analytical review procedures.
- A comprehensive risk register, reviewed at least twice a year.
- Segregation of duties for all critical financial reporting and operational tasks.

Through the above risk controls the A&RC has evaluated the Group's present risks and is satisfied that these have been appropriately addressed.

Internal control over financial reporting (ICFR)

The internal control team has evaluated the effectiveness of Vodafone Spain's controls and have kept the A&RC updated on their application and their suitability during the Period.

Additional areas of investigation

In addition to the standing agenda items, the A&RC also invites area experts to present on specific topics to ensure areas highlighted as of significant interest are explained by the technical expert with the most relevant knowledge. In the Period, "deep-dive" sessions were received on cyber threats, presented by the Vodafone Spain Director of Technology and Operations and Information Security and Data Protection, presented by the Vodafone Spain Data Protection Officer.

Conclusion

Through all the work streams outlined above, the Board, with advice from the A&RC, has reviewed the effectiveness of the internal control system throughout the Period and up to the date of this report. This review found no significant control findings or weaknesses.

Clarity of information and presentation

In accordance with principle N and provision 27 of the Code, through the above interactions, the A&RC has gained comfort over the effectiveness of the internal and external audit functions and thereby over the integrity of the financial statements, on behalf of the Board. The A&RC have considered the Financial Statements as a whole, and have concluded these present a fair, balanced and understandable view of the Group that contain the information necessary for shareholders to assess the position, performance, business model and strategy.

In all of the above reviews, the A&RC also considered EY's audit findings and reports by management in support of its positions.

Focus for FY26

In the upcoming FY26 period, the A&RC intends to focus on the following areas: the successful transition to the new A&RC chair's tenure, the accounting and operational impact of the proposed FibreCo transaction, and any related areas of impact, as well as a full review of the risk register after the first year post-acquisition is completed. The A&RC will continue to challenge and interrogate management, the internal audit function and the external auditors in order to ensure a robust control environment for the Group.

The A&RC Chair will be available at the AGM to answer any questions any shareholder may have in relation to the activities of the A&RC in the Period.

Ashley Martin
Chair of the Audit and Risk Committee

Nomination Committee Report

Nomination Committee Report

On behalf of the Board, I am pleased to present the Report of the Nomination Committee (referred to in this section as the "Committee") for the Period from 1 January 2024 to 31 March 2025. This sets out the Committee's principal activities and decisions. Historically, the Nomination and Remuneration committees have been combined, but we are now separating the two, ensuring appropriate focus on both areas and improved governance.

The role of the Committee

The Committee is responsible for nomination matters including:

- reviewing the structure, size, and composition of the Board and its committees;
- making recommendations to the Board regarding new appointments;
- succession planning for executive directors, non-executive directors and other senior executives;
- ensuring the appropriate balance between executive and non-executives directors;
- ensuring the Board has the appropriate balance of skills, experience, independence, and knowledge to discharge its duties effectively;
- overseeing training and coaching needs, where appropriate, and ensuring directors have adequate time to discharge their duties;
- overseeing the induction and evaluation of the Board, including reviewing annual director re-election by shareholders; and
- overseeing the diversity, equity and inclusion of the Board and of senior appointments.

Membership, attendance and key activities during the Period

The members of the Committee are Suzi Williams (Chair), Ashley Martin and Rita Estévez Luaña. All members of the Committee are independent. Richard Williams served as a member of the Committee during the Period but stepped down in June 2025. During the Period, the Committee formally met eight times and has subsequently met twice in the current financial year, supported by a number of full board discussions. The General Counsel and the Company Secretary attend these meetings and Executive Directors are invited at the Chair's discretion. The scheduling of the formal Committee meetings is designed to be aligned with the Committee's recurring annual activities, including overseeing succession planning for the Board and key members of the senior management team, taking into account expertise and diversity, and reviewing the annual Nomination Report contained within the Annual Report.

Board appointments and diversity

We are delighted that since the last Committee report, we have appointed two new non-executive directors who bring outstanding experience in Spain and Scandinavia. Rita Estévez Luaña and Sofia Bergendorff were appointed as non-executive directors on 28 June 2024 and 24 April 2025 respectively. Following these appointments, the Zegona board is now 43% female, 28% international (non-British), and the non-executive directors are considered wholly independent.

In designing the profiles for these most recent appointments, the Committee carefully selected required skills and competencies taking into consideration both insights from the most recent board review, plus further requirements now relevant as the owner of Vodafone Spain. Over an extended period, the Committee and Board considered a long list of candidates with the advice of Russell Reynolds Associates - with whom the Company has no other relationships.

Rita Estevez Luaña is a seasoned senior executive with almost 30 years of professional experience in both the technology and the financial services sectors. Her executive career includes senior positions at Experian Iberia, Deutsche Bank and GE Financial Insurance, among other responsibilities. Additionally, Rita has almost 10 years of experience as a non-executive director and sits on various Advisory Boards, primarily in the technology industry and in the retail-distribution sector. Rita is a member of the Audit and Risk, Nomination and Remuneration Committees.

Sofia Bergendorff is a distinguished business leader with an international executive career spanning three decades and extensive experience in the technology and media sectors. With more than 13 years in global and regional executive roles at Google, she brings a wealth of expertise in digital transformation, strategic partnerships, and customer-centric innovation. Sofia is a member of the audit committee. Suzi Williams stepped off her interim Audit and Risk Committee role as part of this transition.

Board composition and independence

Against the backdrop of a highly positive board review, the Committee further reviewed board structure, independence and tenure, including the roles of executive leadership.

Ashley Martin, the chair of the A&RC, will reach nine years of service in February 2026 and has expressed a desire to step down from the Board at that time. Accordingly, the Committee has commenced a search process for the appointment of a further independent non-executive director who has recent and relevant experience to chair the A&RC. The process is well underway and an appointment is expected to be made in time for the new chair to have a period of handover from Ashley Martin, before he steps down from the Board. Again, we are working with partners at Russell Reynolds Associates on this appointment.

The Board fully advocates Zegona’s combined Chair and CEO role, believing it facilitates swift, creative and flexible strategic development and decision-making, viewing it is an enabler to fast growth and strong shareholder returns. In combination with a high-performing non-executive director group, and a recently recruited strong Chief of Staff and Group General Counsel, we firmly believe that this structure is in the best interest of all stakeholders.

The Board also considered the independence of Richard Williams who recently reached nine years in his role as a non-executive director. The Committee believes he continues to play a valuable independent role and that his tenure and expertise alongside newer non-executive director colleagues continues to bring valuable insight to critical discussions on the Board. Richard recently stepped away from his committee roles to make way for newer non-executive director colleagues.

During the Period, we also hired a number of important new roles to support the Executive Committee across a variety of strategy, finance and governance functions.

Induction, training and development

The ongoing training and development requirements of the Board members are regularly reviewed with further training made available to address any development needs to update their skills, knowledge and familiarity with the Company. A detailed induction plan is provided for each new director.

Board evaluation

All directors take part in the annual evaluation of Board and Board Committee performance and effectiveness. This was done in 2025 via a Board questionnaire. Conclusions were positive and constructive.

Time commitment

The expected time commitment of all directors is set out in writing in their letters of appointment. Directors provide their external commitments to establish that they have sufficient time to meet their Board responsibilities. Any proposed external Board appointments are approved by the Board and consideration is given to potential conflicts and how these can be managed. This is reviewed on a regular basis. Further details on the Board's external appointments can be found on pages 42 to 44.The Committee and the Board are comfortable that all Board members have sufficient capacity to serve on the Company's Board.

Advisers

The Committee received input and advice from external advisers, including Russell Reynolds Associates on specific topics during the Period covered by this report.

Conclusion

The Committee is satisfied that the Board and its committees have the appropriate balance of skills, experience, independence and diversity to provide effective leadership and governance to the business. We are committed to maintaining and further improving this balance. To this end, we look forward to welcoming the new A&RC chair in due course and are engaging an external partner to facilitate an independent board review in 2026. The Committee will continue to review these matters regularly to ensure the ongoing effectiveness of the Board.

I look forward to updating you again at the next opportunity.

Suzi Williams
Chair of the Nomination Committee

Remuneration Committee Report

Chair's letter

On behalf of the Board, I am pleased to present the Report of the Remuneration Committee (referred to in this section as the "Committee") for the Period from 1 January 2024 to 31 March 2025.

This report outlines the key decisions made by the Committee in the year, including our proposed Directors' Remuneration Policy ("Policy") that is due to be put to a shareholder vote at the 2025 AGM. Importantly, this is consistent with the 2022 policy, including in respect of offering the core elements of salary, pension, benefits, annual bonus and Management Incentive Scheme. The Policy received the support of 98% of shareholders in 2022. We hope to receive your ongoing support for our proven approach on this. We further set out how we have implemented the current Policy, and how we intend to implement the proposed Policy in the coming year, in alignment with our strategic priorities.

Zegona's performance in FY25

This Period was dominated by the successful completion of the highly complex and transformational acquisition of Vodafone Spain from Vodafone Europe B.V. for the headline purchase price of €5 billion. This transaction was the culmination of three years of concerted efforts and exceptionally hard work by all members of the Management Team to search within the European telecommunications market for new opportunities to apply the Group's proven strategy and to complete an acquisition at an attractive price with the goal to deliver significant long-term growth in shareholder value. It is against this backdrop that the key remuneration matters that we have dealt with in the period have been assessed.

Remuneration outcomes

As noted in last year's Remuneration Report, following the acquisition of Vodafone Spain, the Committee commissioned a review of the salaries of the Executive Directors given the material increase in size, scope and scale of the business and noting that salaries had not been changed since January 2020. It was determined to award an increase to the Chairman & CEO and COO respectively to ensure their salaries remain appropriately positioned against the market and are a fair reflection of the step-change in scope of responsibilities. The benchmarking peer group that the Committee considered was companies within the FTSE 350 of a comparable size to Zegona following the Vodafone Spain acquisition. The Committee agreed to set the salaries for the Chairman & CEO and COO are £700,000 and £540,000 respectively, representing an increase of 24% and 29%. The salaries were effective from July 2024. The resulting positioning of lower quartile to median of the peer group was considered to be appropriate by the Committee on the basis that the remuneration philosophy at Zegona is to have packages that are more heavily weighted towards long-term variable pay via the Management Incentive Scheme ("MIS").

Under the Policy, the Executive Directors are entitled to receive a maximum annual bonus of up to 100% of salary. However, recognising that the financial year has been extended to 15 months for FY25, it was determined that the bonus opportunity should be pro-rated accordingly resulting in a maximum opportunity of 125% of salary over the Period. The Committee set stretching performance targets set at the start of the year relating to the completion of the acquisition of Vodafone Spain (30%), refinancing the current bridge loan (30%), EBITDAaL less capex (30%) and governance and ESG priorities (10%). The performance of the team and of the business was strong during the Period such that the financial and strategic elements were met in full and significant progress was made on the governance and ESG priorities. As a result, the annual bonus paid out at 96% of maximum, equivalent to 120% of salary, resulting in payments of £840k (€996k) and £648k (€769k) to the Chairman & CEO and COO respectively. Further details on the precise performance targets and performance against these are disclosed on page 62.

A key element of Zegona's remuneration policy for the Executive Directors and senior management is the MIS which aligns participants with the interests of shareholders by awarding Management Shares that entitle participants to receive up to 15% of the growth in value of Zegona over separate Calculation Periods, provided that shareholders achieve a minimum 5% per annum return on their net investment. The MIS was originally put in place when Zegona was founded and disclosed in the Company's admission document and was most recently approved by 98% of shareholders at the 2022 AGM as part of the Directors' Remuneration Policy. Details were also set out in the Vodafone Spain acquisition prospectus document.

Under the MIS, Management Shares are allocated to participants and are typically exercisable between 3 and 5 years after the start of the relevant Calculation Period, subject to the achievement of the minimum return threshold. The third Calculation Period of the Management Shares began in October 2021, as disclosed in previous remuneration reports, and Management exercised these shares at the third anniversary in October 2024. The decision to exercise at the three-year point ensured optimal alignment of the subsequent fourth Calculation Period of Management Shares with the new investment cycle following the acquisition of Vodafone Spain. This further aligns with the next investment cycle and in particular those shareholders who subscribed as part of the fundraising to help finance the acquisition.

The Committee met a number of times, both formally and informally, to discuss the outcome of the third Calculation Period and carefully considered a variety of perspectives. The Committee concluded that the outcome reflected the performance of the business over the period and the exceptional contribution of management to this performance, and was therefore aligned to the principles of the MIS and the Policy to focus on performance and to align management reward with the shareholder experience.

Whilst the Committee has the discretion to satisfy these awards in Zegona shares or cash, management requested the substantial majority of value to be delivered in shares, thereby increasing the management shareholding to 7.5% (with the Chairman & CEO holding 4.65% and the COO holding 2.20% respectively). In line with the UK Corporate Governance Code, these shares will be held for at least two years following the exercise date to ensure a five-year term for the awards. The fourth Calculation Period was triggered on 15 October 2024 and the award is expected to be exercisable between 15 October 2027 and 15 October 2029, unless there is an earlier exit event. Further details on the Management Incentive Scheme are set out on page 63.

Developing Zegona's 2025 Remuneration Policy

The Committee remains of the view that the MIS is a critical component of Zegona's remuneration philosophy by creating close alignment between the interests of the Management Team and our shareholders and therefore it is critical to continue to operate this plan, consistent with previous years. Whilst the Committee recognises the MIS is non-standard in nature, it is central to Zegona's outsize performance, driving unrelenting commercial focus and shareholder value creation. This is evidenced in recent business performance and returns. This approach was previously approved by 98% of shareholders at the 2022 AGM. We propose this is retained. The Committee is equally confident the remainder of the Policy supports the retention and motivation of the Executive Directors and therefore recommends no material changes to other elements of the Policy for the next three year cycle.

For FY26, there are no increases proposed to the salaries for Executive Directors. The maximum bonus opportunity for FY26 will remain 100% of salary. The measures will comprise a combination of financial and strategic objectives, with details set out on page 69. Targets will be disclosed retrospectively in the FY26 Directors' Remuneration Report, consistent with previous years.

Conclusion

I would like to take the opportunity again to thank shareholders for their support this Period and I look forward to your support at the upcoming AGM later in the year in respect of the votes on the remuneration report, renewal of the MIS and the Policy.

Suzi Williams
Chair of the Remuneration Committee

Directors' Remuneration Report

Zegona's remuneration strategy drives its Remuneration Policy

Since Zegona was first established, the Committee has followed a consistent remuneration strategy that closely aligns the Executive Directors with Zegona's shareholders, drives the Company's strategy and has been central to its success. This strategy is based around four key principles – namely, that executive remuneration is:

1. **Simple** – Since Zegona was first established, Executive Directors have received the same remuneration elements as the rest of the Zegona employees – base salary, annual bonus, pension contribution and other benefits – as well as being eligible under a single and consistent long-term incentive plan based on a single value creation metric.
2. **Transparent** – Each year, there is full and detailed disclosure in the Directors' Remuneration Report of each component of remuneration.
3. **Focused on Performance** – Executive Directors receive a mix of remuneration which is geared towards a higher percentage of variable pay, which means the opportunity for any significant reward is heavily weighted to the long-term incentive plan, which is entirely based on the creation of shareholder value.
4. **Fully aligned with shareholders** – Remuneration for the Executive Directors is heavily weighted to the long-term incentive plan, which pays nothing to participants unless the Executive Directors deliver a threshold return to shareholders over a three- to five-year period or on the occurrence of certain specific events, including the sale of Zegona's main assets and return of net proceeds to shareholders, and only pays a significant award if they materially outperform in the creation of shareholder value.

The Committee has always ensured these four key principles form the basis of Zegona's Remuneration Policy as well as its application to Executive Directors, and this approach has historically received strong support from shareholders. The Committee has reviewed the 2022 Policy and determined that it continues to align with these principles. The proposed 2025 Policy is consistent with the current Policy which was approved by 98% of shareholders at the 2022 AGM, including in respect of offering the core elements of salary, pension, benefits, annual bonus and Management Incentive Scheme.

Alignment with the UK Corporate Governance Code

The Committee also considered how the 2025 Policy aligns with the UK Corporate Governance Code factors as follows:

Clarity – Variable pay depends on delivering Zegona's strategy to create sustainable long-term shareholder value. This provides absolute clarity on the relationship between the delivery of the strategy and remuneration paid. Zegona also presents its remuneration arrangements in the clearest and most transparent way possible and maintains an open and transparent dialogue with investors, both through formal engagement processes, ad hoc discussions and the disclosures in its Annual Reports.

Simplicity – Total remuneration is heavily weighted to variable elements, of which there are only two: the annual bonus and the Management Incentive Scheme, both of which are based on simple and transparent metrics. The operation of the Annual Bonus Plan is directly linked to key quantitative and qualitative strategic objectives, and the Management Incentive Scheme rewards the creation of shareholder value over a three- to five-year period or on the occurrence of certain specific events, including the sale of Zegona's main assets and return of net proceeds to shareholders.

Risk – The 2025 Policy includes the following elements to mitigate against the potential risks of target-based incentives:

- capping the annual bonus to a maximum of 100 % of annual base salary;
- aligning the remuneration performance conditions with the strategy of the Company;
- ensuring the Management Incentive Scheme is designed to last for up to five years by requiring that if the share incentive is exercised in advance of the full five-year period, any shares received will be held by Management until at least five years have elapsed from the start of that period; and
- ensuring there is sufficient flexibility for the Remuneration Committee to apply discretion to depart from formulaic outcomes.

Predictability – Fixed remuneration for the Executive Directors is generally kept constant. Variable remuneration is limited to the annual bonus, which is capped at 100%, directly linked to key quantitative and qualitative strategic objectives, and the Management Incentive Scheme. The method of calculation, limits and discretions under the 2025 Policy are clearly set out.

Proportionality – The restricted fixed remuneration and capped annual bonus plan is compensated by the opportunity for potentially significant reward entirely dependent on performance pursuant to the Management Incentive Scheme that is directly linked to the Company's long-term value creation strategy.

Alignment to Culture – The focus on responsible stewardship and long-term sustainable performance is a key part of the Company's culture. This is supported by the 2025 Policy, which ensures that the four key principles of Zegona's remuneration strategy are delivered.

The full 2025 Executive Directors' Remuneration Policy is as follows:

Base salary

Purpose and link to strategy: To reflect market value of the role and individual's performance, responsibility, skills, experience and contribution and enable Zegona to recruit and retain Executive Directors in the short term of sufficient calibre to drive Zegona's ambitions – and thereafter to retain those Directors – prior to remuneration from their Management Shares, which is driven by Zegona's long-term goals.

Operation: Typically reviewed every 12 months.

Opportunity: Base salary increases are applied in line with the outcome of the review.

In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with inflation or those of salaried employees as a whole.

In exceptional circumstances (including, but not limited to, a material increase in job size or complexity), the Committee has the discretion to make appropriate adjustments to salary levels to ensure they remain competitive in the marketplace.

Performance Metrics: Both Zegona's and individual performance will be considered in setting Executive Director base salaries.

Pension

Purpose and link to strategy: To provide a market-competitive pension, with a contribution rate that is the same as the majority of the Zegona workforce.

Operation: Pension contributions are made to the individual's private pension arrangements or paid to them in cash in lieu of such arrangements.

Opportunity: Executive Directors receive a pension contribution that is the same as the majority of the Zegona workforce, which is currently 19% of base salary.

Performance Metrics: Not performance-related.

Benefits

Purpose and link to strategy: To provide market competitive benefits.

Operation: Benefits may include car allowances, personal tax advice, private medical insurance, critical life and death in service cover. Other benefits may be awarded as appropriate, such as relocation benefits.

Opportunity: Benefits may vary by role and individual circumstances and will be reviewed periodically.

The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of Zegona's control have materially changed (e.g. increases in medical insurance premiums).

Performance Metrics: Not performance related.

Annual bonus

Purpose and link to strategy: To incentivise delivery of Zegona's annual financial and strategic goals by evaluating performance each year against a number of predefined quantitative and qualitative targets that reflect Zegona's key strategic objectives for the year.

Operation: Performance is measured on an annual basis for each Executive Director in respect of each financial period, and bonuses are paid in cash. Given the material shareholdings of each Executive Director it was not felt necessary to introduce any form of bonus deferral.

Opportunity: The maximum annual bonus available is 100% of base salary per annum.

Performance Metrics: Performance measures and targets will generally be set annually in advance by the Committee to ensure that they are appropriately stretching and to ensure that they reflect the particular financial and strategic goals of Zegona for the financial period in question.

If any of the performance measures and targets set for the year become inapplicable (for example, due to a change in group structure), the Committee retains discretion to amend the measures and targets for that period.

Management incentive arrangements

Purpose and link to strategy: To drive performance, aid retention and ensure the interests of Executive Directors and senior management are closely aligned with shareholders over the long term by allowing participants in the arrangement to share in the growth in value of Zegona.

Operation: The Committee may allocate Management Shares in Zegona Limited to Executive Directors or senior management. These shares entitle holders to 15% of the growth in value of Zegona during a series of separate Calculation Periods, provided that ordinary shareholders achieve a 5% per annum Preferred Return in each Calculation Period.

Holders of Management Shares are required to exercise all their rights at a single time between three and five years from the beginning of the current Calculation Period, unless specific criteria enabling earlier exercise are met. If the Management Shares are exercised less than five years from the beginning of any Calculation Period, any shares received will be held by Management until at least five years have elapsed from the beginning of the relevant Calculation Period.

Opportunity: Zegona's management incentive arrangements entitle participants in aggregate to receive up to a maximum of 15% of the growth in value of Zegona. The minimum amount payable under the scheme is nil.

The maximum aggregate amount available to participants in the incentive arrangements is capped at that level irrespective of the number of participants in the scheme.

Performance Metrics: Subject to shareholders achieving a Preferred Return of 5% per annum on a compounded basis on their net invested capital.

Further details on the management incentive arrangements are set out in note 29. to the financial statements.

Non-Executive Directors' Remuneration Policy

Pursuant to Zegona's Articles of Association, the Board determines the Remuneration Policy and level of fees for the Non-Executive Directors, within the limits set out in the Articles of Association (or as specified by Zegona in a general meeting). The Committee recommends the Remuneration Policy and level of fees for the Board to approve.

Annual fee

Purpose and link to strategy: To reflect market competitive rates for the role, as well as individual performance and contribution.

Operation: Non-Executive Directors receive a basic fee for their respective roles with additional fees to Non-Executive Directors for additional services such as chairing or membership on a Board committee or supporting the Board on matters or projects that require a significant time commitment beyond that typically expected of a Non-Executive Director.

The Committee will review fees annually, but there will be no obligation for fees to be increased.

Fees are payable in cash.

Opportunity: Fee increases are applied in line with the outcome of the annual review. There is no prescribed maximum fee per Non-Executive Director. It is expected that increases to Non-Executive Director fee levels will be in line with inflation or salaried employees over the life of the Policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role, fee levels may be appropriately adjusted.

Performance Metrics: Not performance related.

Approach to recruitment remuneration

In the cases of hiring or appointing a new Executive Director, the Committee may make use of any or all of the existing components of remuneration, as follows:

Component	Approach
Base Salary	The base salaries of new appointees will be determined by reference to the individual's role and responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a specified period, subject to their development in the role.
Pension	New appointees will be eligible to receive a pension in line with the Directors' Remuneration Policy.
Benefits	New appointees will be eligible to receive benefits in line with the Directors' Remuneration Policy.
Annual Bonus	New appointees will be eligible to participate in Zegona's annual bonus scheme on the same terms as other Executive Directors in line with the Directors' Remuneration Policy.
Management Incentive	New appointees may be invited to participate in Zegona's long-term incentive plans, as described in the Remuneration Policy table.

There is no maximum value, other than it is noted that the total Directors' fees in aggregate are capped at £3 million per annum. At present, only Non-Executive Directors receive fees.

In determining an appropriate remuneration package, the Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Zegona and its shareholders. In addition to the above elements of remuneration, the Committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, exercising discretion to replace incentive arrangements forfeited on leaving a previous employer. Such "buyout awards" would have a fair value no higher than that of the awards forfeited. In doing so, the Committee will consider relevant factors including any performance conditions attached to these awards, the likelihood of those conditions being met and the proportion of the vesting period remaining. Generally, such buyout awards would be in the form of share awards, although the Committee retains discretion to make cash payments.

In the case of appointing a new Non-Executive Director, the Committee will follow the policy as set out in the section entitled "Non-Executive Directors' Remuneration Policy" above. A base fee reflecting current competitive rates and the individual's anticipated contribution would be payable for Board membership, with additional fees payable for additional services such as chairing a Board committee.

Notice periods and remuneration on loss of office

The Committee considers that notice periods of Executive Directors should be one year or less and that any payments to a departing Executive Director should be determined with full regard to the duty of mitigation. In certain circumstances, it may be appropriate for an Executive Director to be placed on gardening leave or to receive payment in lieu of notice. In such circumstances, the Committee considers that it is appropriate for the Executive Director to receive the basic salary they would have received for the remaining term of their notice period (provided that such notice period is less than twelve months), along with any benefits that would have accrued during that period (including pension and holiday entitlements).

Notwithstanding the foregoing, no payments in respect of unearned bonus will be made where the Executive Director's appointment is terminated for (amongst other things) fraud or gross misconduct, and any Management Shares would be forfeit.

Non-Executive Directors' appointments are terminable on six months' notice. On termination, Non-Executive Directors will only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred before that date.

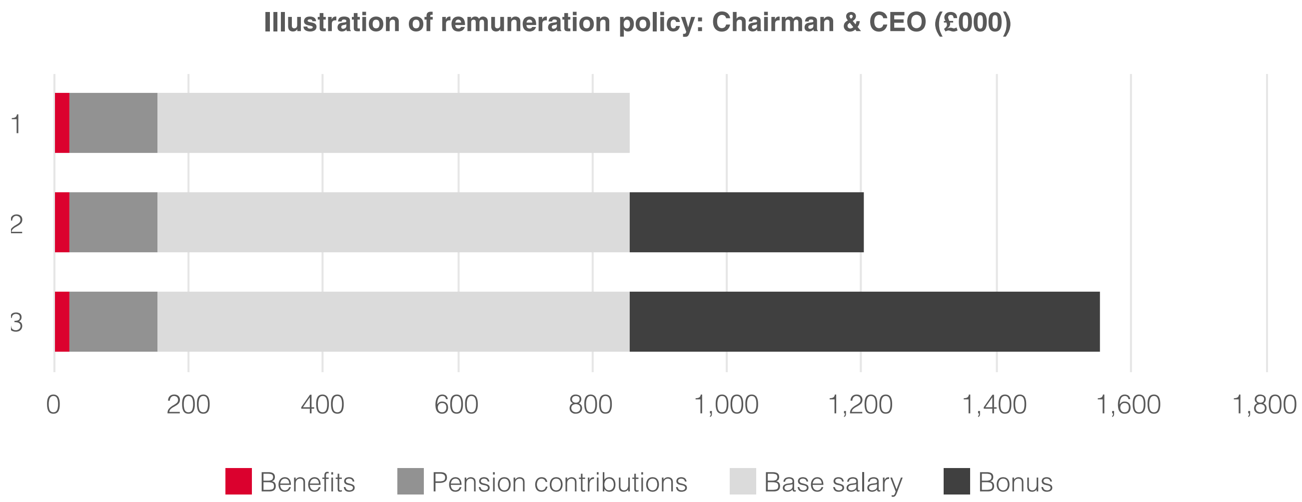
Executive Directors' shareholdings

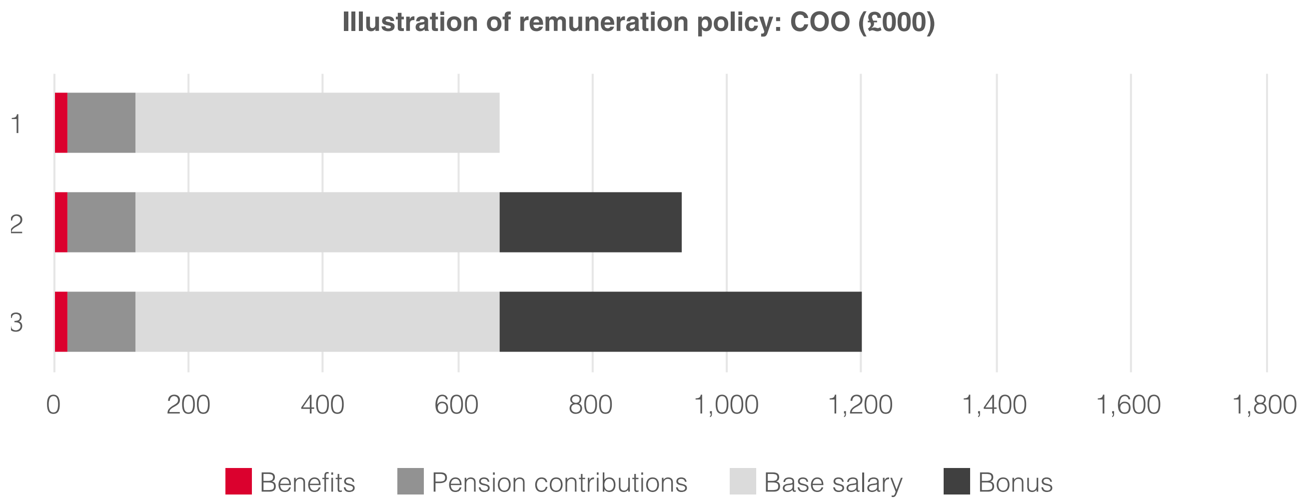
The Committee recognises the importance of Executive Directors aligning their interests with shareholders through building up a significant shareholding in Zegona. The Committee notes that over time, the Executive Directors together are now the largest shareholders in Zegona and have done so without the need to impose a minimum shareholding requirement. Given the size of this holding and the fact that the Executive Directors are integral to Zegona's future prospects, the Committee does not consider it necessary to impose such a requirement at this point, nor a requirement for them to continue to hold shares post-cessation of their employment with Zegona.

Illustrative application of the Remuneration Policy

The charts below show an illustration of the level of remuneration that each Executive Director could receive in the period to 31 March 2026, which is the first year of the policy as it is described above. The charts are presented in sterling because this is the currency that the Executive Directors' pay is set in. The charts show illustrative remuneration under three scenarios:

1. **Minimum performance:** This scenario only includes the fixed elements of remuneration: base salary effective from 1 April 2025, and benefits in line with those reported in respect of FY25 (pro-rated for a 12 month period) and pension rate for the year ended 31 March 2026 of 19% of salary.
2. **On-target performance:** This scenario includes the fixed elements of remuneration as above, plus a bonus that reflects achievement of 50% of the bonus targets. No amounts have been included in respect of the Management Shares because they are not exercisable until 2027.
3. **High performance:** This scenario includes the fixed elements of remuneration as above, plus a bonus that reflects achievement of 100% of the bonus target.





Directors' remuneration report

All disclosures in this section are unaudited unless otherwise stated. The Annual Report on Remuneration gives details on the amounts earned in the 15-month period ended 31 March 2025 and how the Directors' Remuneration Policy will be applied in FY26. This remuneration report will be subject to an advisory vote at the 2025 AGM.

FY25 Executive Directors' remuneration summary (audited)

In the interests of clarity, since the Executive Directors' salaries are set and paid in sterling, the table has been presented in both sterling and euros (Zegona's functional currency). Given the change in month (12 months versus 15 months) we have included a 12m equivalent, showing the 1 January 2024 to 31 December 2024 for comparative purposes.

Executive Directors (sterling)

	Eamonn O'Hare (Chairman & CEO)			Robert Samuelson (COO)		
	15m to 31 Mar 2025 (£)	12m to 31 Dec 2024 Proforma (£)	12m to 31 Dec 2023 (£)	15m to 31 Mar 2025 (£)	12m to 31 Dec 2024 Proforma (£)	12m to 31 Dec 2023 (£)
Base salary	806,500	631,500	563,000	614,500	479,500	419,000
Pension contributions	154,660	120,935	106,970	118,180	92,055	79,610
Benefits	28,758	23,006	30,256	24,894	19,915	29,751
Total fixed pay	**989,918**	**775,441**	**700,226**	**757,574**	**591,470**	**528,361**
Annual cash bonus	840,000	672,000	—	648,000	518,400	419,000
Total fixed and variable pay	**1,829,918**	**1,447,441**	**700,226**	**1,405,574**	**1,109,870**	**947,361**
Management Incentive Scheme	129,280,073	129,280,073	—	64,640,037	64,640,037	—
Total	**131,109,991**	**130,727,514**	**700,226**	**66,045,611**	**65,749,907**	**947,361**

Executive Directors (euro)

	Eamonn O'Hare (Chairman)			Robert Samuelson (COO)		
	15m to 31 Mar 2025 (€)	12m to 31 Dec 2024 Proforma (€)	12m to 31 Dec 2023 (€)	15m to 31 Mar 2025 (€)	12m to 31 Dec 2024 Proforma (€)	12m to 31 Dec 2023 (€)
Base salary	956,716	749,121	653,080	728,954	568,810	486,040
Pension contributions	183,466	143,460	124,085	140,192	109,201	92,348
Benefits	34,114	27,291	35,097	29,531	23,625	34,511
Total fixed pay	**1,174,296**	**919,872**	**812,262**	**898,677**	**701,636**	**612,899**
Annual cash bonus	996,455	797,164	—	768,694	614,955	486,040
Total variable and fixed pay	**2,170,751**	**1,717,036**	**812,262**	**1,667,371**	**1,316,591**	**1,098,939**
Management Incentive Scheme	153,359,285	153,359,285	—	76,679,643	76,679,643	—
Total	**155,530,036**	**155,076,321**	**812,262**	**78,347,014**	**77,996,234**	**1,098,939**

Components of remuneration: base salary

For details of salary increases awarded during the Period please see page 53.

Components of remuneration: pension contributions

During the FY25 period, two Executive Directors received a pension contribution of 19% of their base salary, which was the same as the contribution available to the majority of the Zegona workforce. There will be no change to pension provision for FY26.

Components of remuneration: benefits

During the FY25 period, both Executive Directors received car allowances, personal tax advice, private medical insurance and death-in-service cover, which will continue in FY26.

Components of remuneration: annual cash bonus

The Executive Directors were eligible to participate in the annual bonus with a maximum opportunity of 100% of salary, multiplied by 1.25 times to reflect the 15-month financial period. The bonus targets that applied and the performance against these are set out in more detail below:

Performance metric/target (weighting)	Outcome	Outcome achieved (% of max)
Completion of the acquisition of Vodafone Spain (30%)	Successfully completed on 31 May 2024	100%
Refinancing the current bridge loan – credit rating and refinancing (30%), split as follows: 1. Achieve a credit rating of BB or higher (10%). 2. Deliver a full refinancing for the business with terms at or improved versus current rates (20%).	1. S&P credit rating of BB achieved 2. Completed and announced on 12 July 2024	100%
Delivering strong EBITDAaL less capex in the year of greater than €550m (30%).	EBITDAaL less capex was €625m	100%
Improve Board governance and demonstrate progress on environmental commitments (10%).	Progress has been made during the Period, including the following key milestones: 1. Improvement in information flows to Non-Executive Directors to facilitate constructive feedback. Board effectiveness review commissioned and ongoing. 2. Further development of Vodafone's strong environmental programme, including formulation of specific targets and measures aligned with Vodafone Spain. Further details set out on page 27. 3. Strengthening of the Board through external independent appointments, including appointment of Sofia Bergendorff.	60%
Overall outcome (% of max)		96%
Overall outcome (% of salary) reflecting 15-month period		120 %

As set out above, the overall outcome for the Executive Directors was equivalent to 120% of annual salary (being 1.25 times 96% maximum payout) which corresponds to a cash annual bonus payment of £840k (€996k) and £648k (€769k) for the Chairman & CEO and COO respectively. The Committee determined that this outcome was a fair reflection of business performance during the period to 31 March 2025 and did not exercise discretion in respect of the outcome.

Components of remuneration: Management Incentive Scheme

A key element of the Company's Remuneration Policy for the Executive Directors and senior management continues to be Management Shares in Zegona Limited, which were put in place when Zegona was founded and were designed to provide ongoing remuneration closely aligned with creation of value for shareholders.

The holders of the Management Shares are entitled to 15% of the growth in value of Zegona during a series Calculation Periods, provided that ordinary shareholders achieve a 5% per annum Preferred Return[15] in each Calculation Period. Holders have the right to end each Calculation Period by redeeming 99% of their Management Shares at any time between the third and fifth anniversaries of the beginning of the Calculation Period, although a Calculation Period may also end upon certain specified events such as a winding up, takeover, or a change of control of Zegona, or if Zegona sells all or substantially all of its assets and distributes the net proceeds to shareholders.

Upon redemption, if the Preferred Return has been met, holders of the Management Shares receive 15% of the increase in value of Zegona in either Zegona ordinary shares or cash at the discretion of Zegona's Board at the time of the exercise on advice from the Committee in accordance with the articles of association of Zegona Limited. If the Preferred Return has not been achieved, no payment is made. It is currently anticipated that the exercise of Management Shares could result in management receiving ordinary shares, which, depending on the amount of value created, could potentially lead to management together increasingly being a significant shareholder.

Upon redemption of the Management Shares, a new Calculation Period automatically begins with the remaining shares retaining the entitlement to 15% of the growth in value of Zegona for the next Calculation Period, provided the Preferred Return is achieved over this period. The starting value against which the growth in value and the Preferred Return are calculated (the "Baseline") at the beginning of the new Calculation Period is set at the higher of the Market Capitalisation of Zegona, defined as 30-day VWAP, and the Net Shareholder Invested Capital on that date.

Each time a new Calculation Period begins, the renewal of the Management Shares' rights is subject to a vote by the Company's shareholders at the next Annual General Meeting ("AGM"). If shareholders representing 75 per cent or more of the shares vote against the renewal at the AGM, the Management Shares are redeemed for no value. There was such a vote at the 2022 AGM to ratify the commencement of the Third Calculation Period, with 98.03% of votes in favour. There will be a vote at the 2025 AGM to ratify the commencement of the Fourth Calculation Period.

The Third Calculation Period

The Third Calculation Period automatically began on 14 October 2021, following the end of the Second Calculation Period. During the Third Calculation Period, the Management Shares were permitted to be redeemed between 14 October 2024 and 14 October 2026.

The market capitalisation at the valuation date was £2,514,763,995 which exceeded the preferred return. On 15 October 2024, the Management Shares were exercised. On the recommendation of the Committee, and, in part, to facilitate the payment of tax by management arising on the exercise of the Management Shares and prevent disposals of the Company's ordinary shares being required to pay tax, Zegona Limited's board of directors determined that Zegona Limited would redeem 10 per cent. of the exercised Management Shares for cash and exchange the remaining 90 per cent. for new ordinary shares in Zegona in accordance with the articles of association of Zegona Limited. These shares will be held for at least two years following the exercise date to ensure a five-year term for the awards.

[15] Return (a 5% per annum return on a compounded basis on shareholders' net investment).

At 14 October 2024 (£)		
Number of shares	704,149,410	
Average share price (£)	3.57	
Deemed market capitalisation (£)		2,514,763,995
Baseline value (£)		1,058,169,167
Surplus in value per the incentive scheme		1,456,594,829
Management Shares	15 %	218,489,224
Split between:		
Eamonn O'Hare	59 %	129,280,073
Robert Samuelson	30 %	64,640,037
Other Management Team	11 %	24,569,114

The Committee met a number of times, both formally and informally, to discuss the outcome of the third Calculation Period and carefully considered a variety of perspectives. The Committee concluded that the outcome reflected the performance of the business over the period and the exceptional contribution of management to this performance, and was therefore aligned to the principles of the MIS and the Policy to focus on performance and to align management reward with the shareholder experience. The Committee carefully reviewed the terms of the scheme to ensure that the conditions for redemption had been met and that the amount of the payment had been correctly calculated. This review was supported by the Audit and Risk Committee and involved receiving written advice from the Company's advisors that the terms of the waterfall had been correctly applied.

The fourth Calculation Period began on 15 October 2024. Management are entitled to share 15% of the surplus value above the baseline deemed market capitalisation as at 15 October 2024, being £2,514,763,995 as set out above. Further details are set out in note 29 to the Consolidated Financial Statements.

Illustration of scheme value

To explain how Zegona's Management Incentive Scheme operates, we have set out below an illustration of how much value would be earned by the management team assuming a hypothetical exercise date of 31 March 2025, even though the Management Shares were not exercisable at that date[16]. The illustration assumes that the exercise was based on the market value of Zegona's ordinary shares at the hypothetical exercise date and, since the deemed market capitalisation of £4,732 million was higher than both the Preferred Return target and the net invested capital, the holders of the Management Shares would have received some payment.

15 October 2024 (£)		
Base Value as at 15 October 2024[17]		2,514,763,995
At 31 March 2025 (£)		
Number of shares	759,209,905	
Average share price (£)[18]	6.23	
Deemed market capitalisation (£)		4,732,227,456
Surplus in value per the incentive scheme		2,217,463,460
Management Shares	15 %	332,619,519

[16] The scheme will actually become exercisable either on 14 October 2027, or at the date that certain specific conditions such as a takeover or a Board change of control occur as explained in note 29. to the Consolidated Financial Statements. At the date of this report, none of these conditions have occurred and the rights under the incentive schemes are not exercisable

[17] Calculated in accordance with Zegona Limited's Articles of Association as the Baseline Value at the Redemption date

[18] Calculated in accordance with Zegona Limited's Articles of Association as the volume-weighted average mid-market price of Zegona Communications plc's ordinary shares for the previous 30 trading days to 31 March 2025.

Compensation for loss of office (audited)

No payment for loss of office was made in the Period.

Payments to past directors (audited)

No payments for loss of office were made in the Period.

Directors' interests in ordinary shares (audited)

The Committee intends to keep under consideration the need to adopt formal requirements or guidelines in connection with the building of shareholdings in Zegona by Executive Directors. During the Period, no such formal requirements or guidelines were adopted, and the Committee remains of the view that no such requirements or guidelines are currently needed, given that the Executive Directors' interests are significantly aligned with shareholders through their participation in the MIS and their existing shareholdings, which are materially higher than the level of shareholding requirement typically observed in the market.

The shareholdings of the Directors at 31 March 2025 are set out below. There have been no changes in the shareholdings of the Directors from 31 March 2025 to the date of this report.

Director	Number of shares	% of issued share capital
Eamonn O'Hare	35,327,787	4.65 %
Robert Samuelson	16,686,277	2.20 %
Richard Williams	94,504	0.01 %
Ashley Martin	26,292	0.00 %
Suzi Williams	—	— %
Rita Estévez Luaña	—	— %

In addition, the Directors owned the following Management Shares in Zegona Limited:

	Participation in growth in value	Number of Management shares
Eamonn O'Hare	8.88 %	3,050
Robert Samuelson	4.44 %	1,525
Zegona Senior Mgmt.	1.69 %	580
		5,155

FY25 Non-Executive Directors' remuneration summary (audited)

As set out in last year's remuneration report, the remuneration of the Non-Executive Directors was reviewed during the FY25 period to reflect the significant changes to the role during and following the acquisition of Vodafone Spain. Amounts paid during the Period are detailed below.

Non-Executive Directors receive a basic annual fee of £80,000 and additional fees of £10,000 per annum for serving on a sub-committee of the Board. In addition, there is a fee of £30,000 per annum if the Non-Executive is Chair of the ARC and a fee of £10,000 per annum if the Non-Executive is Chair of the Nomination or Remuneration Committees (both roles currently held by Suzi Williams). In the interest of clarity, since the Non-Executive Directors' fees are set and paid in sterling, the table has been presented in both sterling and euros (the Group's functional and presentational currency).

	Non-Executive Directors' fees[19]		
	15m to 31 Mar 2025 £	**15m to 31 Mar 2025 £**	**12m to 31 Dec 2023 £**
	One off payment	Fee	Fee
Richard Williams	30,000	112,500	50,000
Ashley Martin	40,000	125,000	60,000
Kjersti Wiklund*	—	—	37,500
Suzi Williams	30,000	116,667	60,000
Rita Estévez Luaña**	—	75,822	—
Total	**100,000**	**429,989**	**207,500**

	Non-Executive Directors' fees		
	15m to 31 Mar 2025 €	**15m to 31 Mar 2025 €**	**12m to 31 Dec 2023 €**
	One off payment	Fee	Fee
Richard Williams	35,588	133,454	58,520
Ashley Martin	47,450	148,282	69,624
Kjersti Wiklund*	—	—	43,515
Suzi Williams	35,588	138,397	69,624
Rita Estévez Luaña**	—	89,944	—
Total	**118,626**	**510,077**	**241,283**

* resigned 2 October 2023

** appointed 28 June 2024

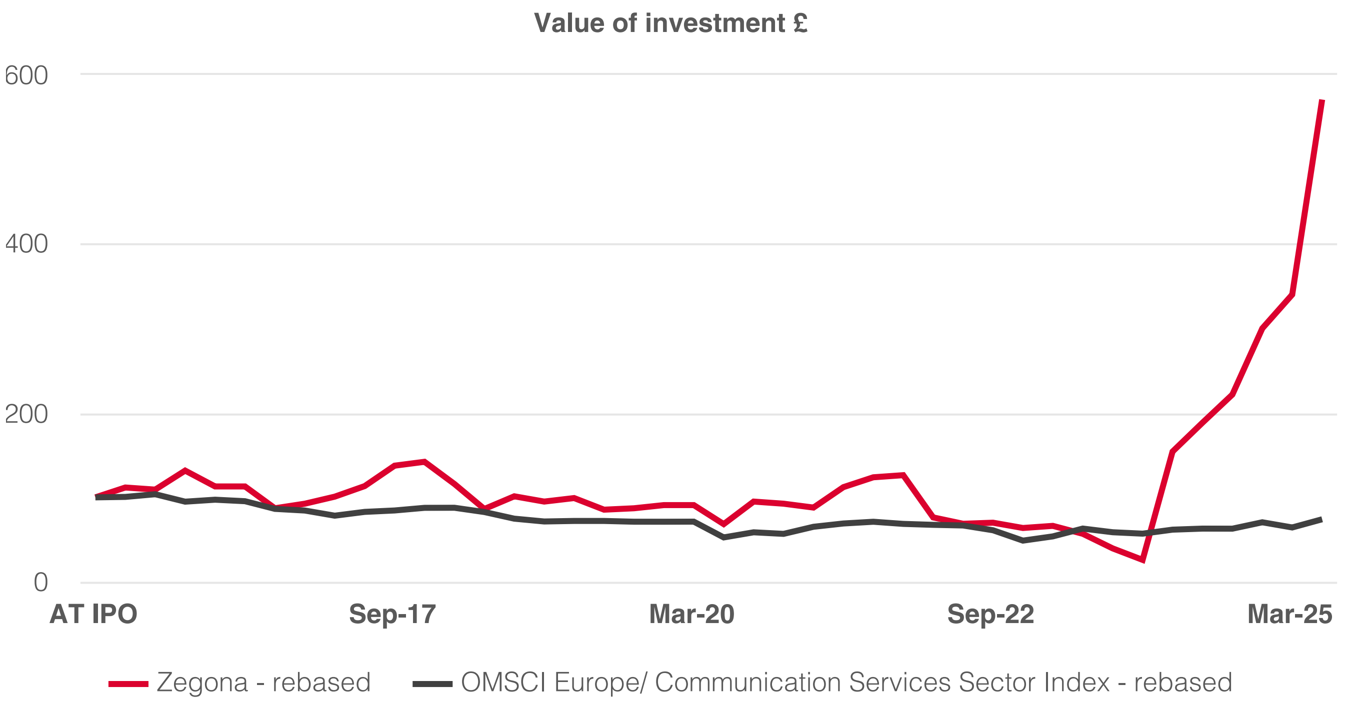
Sofia Bergendorff was appointed to the Board on 24 April 2025

Non-Executive Director remuneration is fixed and therefore not performance linked. In recognition of the additional time required from the Non-Executive Directors during the Period as a result of the acquisition it was determined appropriate to make a one-off payment in recognition of this.

[19] The Non-Executive Directors have not received any other form of remuneration during the current or prior period.

Summary of total shareholder return and Chairman & CEO's remuneration

The total shareholder return graph below shows the value as at 31 March 2025 of £100 invested on IPO on 19 March 2015, compared with £100 invested in the MSCI Europe/Communication Telecom Services Index. The Committee considers this index to be appropriate for the purposes of this comparison because it includes mostly European telecommunications companies. The significant increase to March 2025 reflects the impact of the acquisition of Vodafone Spain and subsequent trading results.



The single-figure remuneration for the Chairman & CEO over the same period, together with the outcomes of the respective annual bonus awards, is presented in the following table:

	2015[20]	2016	2017	2018[21]	2019	2020	2021[22]	2022[23]	2023[24]	15m to 31 Mar 2025
Total remuneration €m	0.67	0.77	1.29	0.71	1.25	1.27	18.48	0.83	0.81	131.11
Annual bonus % of max.	0	— %	100 %	— %	94 %	75 %	— %	— %	— %	96 %

20 Period from incorporation on 19 January 2015 to 31 December 2015
21 The Chief Executive & CEO did meet several indicators of achievement in relation to his 2018 bonus objectives, however he waived his 2018 bonus in order to maximise the cash raised from the equity placing in February 2019.
22 The Chief Executive & CEO met a significant majority of the indicators of achievement in relation to the 2021 bonus scheme, however in connection with the Return of Capital he agreed to waive any amounts due.
23 The Chief Executive met a significant majority of the indicators of achievement in relation to the 2022 bonus scheme, however in connection with the Return of Capital he agreed to waive any amounts due.
24 Bonus was voted for but waived by the CEO.

Comparison of Directors' and employees' pay and relative importance of spend on pay

The following table compares the changes in each Non-Executive Director's pay over the past 5 years[25]. This excludes new hires and leavers in order to be comparable:

Non-Executive Directors salary and benefits % variance

	FY20	FY21	FY22	FY23	FY25
Eamonn O'Hare	12 %	— %	— %	(1)%	11 %
Robert Samuelson	11 %	— %	— %	15 %	14 %
Richard Williams	(9)%	(8)%	— %	— %	120 %
Ashley Martin	— %	— %	— %	— %	100 %
Suzi Williams	n.a	18 %	— %	— %	67 %

The table below shows the relative importance of the spend on remuneration paid to or receivable by all employees in Zegona when compared to distributions to shareholders by way of dividend or share buyback:

	15m to 31 Mar 2025 €000	12m to 31 Dec 2023 €000
Employee pay	5,181	2,717
Returns to shareholders	—	—
Of which:		
Dividends	—	—
Capital return	—	—

25 FY25 is annualised for comparison purposes.

Directors' terms and conditions

Service contract duration and Directors' appointment letters durations

Director	Contract duration	Notice period
Eamonn O'Hare	Unlimited*	12 months
Robert Samuelson	Unlimited*	12 months
Richard Williams	Unlimited*	6 months
Ashley Martin	Unlimited*	6 months
Suzi Williams	Unlimited*	6 months
Rita Estévez Luaña	Unlimited*	6 months

* Under the terms of the service agreements, these appointments are contingent on annual re-election by shareholders and completion of the annual Board effectiveness review.

Other than payments for notice periods, the service agreements contain no entitlements to termination payments. There are no malus or clawback provisions in respect of base salary, pension contributions or benefits; however, the Committee retains discretion to apply such provisions in the case of any bonus award paid to an Executive Director whose appointment is subsequently terminated. All Directors' service contracts and letters of appointment are available for inspection at Zegona's registered office.

External appointments

Executive Directors are allowed to accept external appointments with the consent of the Board as long as these are not likely to lead to conflicts of interests or significant time commitments. Executive Directors are allowed to retain the fees paid.

Reappointment

Under the terms of the Company's Articles of Association, all Directors will be proposed for re-election at the 2025 AGM. All Board members have service contracts or appointment letters, and details of the unexpired terms of these service contracts or appointment letters are set out above.

Implementation of the Directors' Remuneration Policy in FY26

For FY26, there are no increases proposed to the salaries for Executive Directors. The maximum bonus opportunity for FY26 will remain 100% of salary. The performance measures will be:

1. Delivery of strategic projects aligned to our strategic goals (30%)
2. Delivering revenue growth (15%)
3. Refinancing the current Term Loan A commitments (15%)
4. Delivering EBITDAaL less capex targets pre fibre transactions (30%)
5. Governance and ESG initiatives (10%)

Targets are commercially sensitive and will be disclosed retrospectively in the FY26 Directors' Remuneration Report, consistent with previous years.

Committee governance

The role of the Committee

The role of the Committee is to determine the remuneration policy and packages for Executive Directors and senior executives. When setting and operating the policy, the Committee aligns reward to performance to promote the long-term success of the Group and has regard to policies and practices relating to workforce remuneration, the experiences of other stakeholders and alignment with purpose, strategy and culture. To facilitate this remit, the Committee is provided with information and context on pay, benefits and incentive structures in place across the Group to support its decision making.

Committee membership and attendance

The members of the Committee are:

1. Suzi Williams (Chair)
2. Ashley Martin
3. Rita Estévez Luaña (from June 2024)
4. Richard Williams (until June 2025)

All members of the Committee are independent. The General Counsel and Company Secretary attend the meetings and Executive Directors are invited at the Chair's discretion.

Key activities in FY25

The scheduling of the formal Committee meetings is designed to be aligned with the Committee's recurring annual activities, including: setting of bonus metrics and evaluation of performance against them; and reviewing the annual Remuneration Report contained within the Annual Report.

In addition to the matters discussed above, since the last Remuneration Committee Report, the Committee has also:

- Reviewed the remuneration package for the Executive Directors and management team for FY26, and concluded to continue to review on an ongoing basis subsequent to the benchmarking exercise undertaken in FY25;
- Reviewed the recommendations arising from the 2024 Board effectiveness review and, where appropriate, proposed actions to address those recommendations; and
- Reviewed workforce remuneration and its alignment to the Group's purpose, values and strategy.

Advisers

The Committee received input and advice from external advisers on specific topics during the Period covered by this report. The Committee formally engaged PwC LLP's ("PwC") as an adviser in the Period. The Committee's decision reflected the quality and objectivity of the independent advice that PwC had provided to the Committee on remuneration matters during the Period. For the Period, total fees of €68k were incurred in relation to remuneration advice provided by PwC. The wider PwC firm also provided the Group with other services during the Period relating to accounting and tax. The Committee is satisfied that the PwC engagement partner and advisory team which provide remuneration advice to the Committee have no connection with the Company or individual Directors that might compromise their independence or objectivity.

Statement of voting at general meetings

The following table sets out the voting results in respect of the resolutions to approve the Directors' Remuneration Report at the 2024 AGM and 2022 AGM respectively:

	Date of AGM	For the resolution	Against the resolution	Votes withheld
Directors' Remuneration Report for the year ended 31 December 2023	28 June 2024	89.11 %	10.89 %	—
(Votes cast)		140,338,021	17,153,770	1,204,272
Directors' remuneration policy	28 June 2022	98.21 %	1.79 %	—
Votes cast		3,704,882	67,352	

Resolutions to approve the Directors' Remuneration Report and the Directors' Remuneration Policy and to renew the Management Incentive Plan will be put to the 2025 AGM.

Full details of the resolutions proposed and rationale for these will be provided in the AGM notice to be made available to the shareholders in advance of the meeting.

Suzi Williams
Chair of the Nomination and Remuneration Committee
16 July 2025

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEGONA COMMUNICATIONS PLC

Opinion

In our opinion:

- Zegona Communication Plc's consolidated financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2025 and of the group's loss for the 15 month period then ended (the "period");
- the consolidated financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Zegona Communications Plc (the 'parent company') and its subsidiaries (the 'group') for the 15 month period ended 31 March 2025 which comprise:

Group	Parent company
Consolidated statement of financial position as at 31 March 2025	Company statement of financial position as at 31 March 2025
Consolidated statement of comprehensive income for the 15 month period then ended	Company statement of changes in equity for the 15 month period then ended
Consolidated statement of changes in equity for the 15 month period then ended	Related notes 1 to 7 to the financial statements, including material accounting policy information
Consolidated statement of cash flows for the 15 month period then ended	
Related notes 1 to 34 to the financial statements, including material accounting policy information	

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the group and parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of the directors' going concern assessment process;
- obtaining management's going concern assessment, including the cash and covenant forecast for the going concern period;
- assessing the appropriateness of the duration of the going concern assessment for the period from when the financial statements are authorised for issue to 31 December 2026 ("the going concern assessment period") and considering the existence of any significant events or conditions beyond the going concern assessment period based on our procedures on the group's business plan and knowledge arising from other areas of the audit;
- verifying the accuracy of key inputs by agreeing them to the board approved budget and the terms of the group's debt facilities, and confirming the opening liquidity position used in the going concern assessment to the relevant bank statements;
- considering historical performance of the underlying business and analyst expectations, challenging the assumptions included in the going concern model for reasonableness;
- reviewing the group's borrowing facilities to confirm their availability throughout the going concern assessment period, assessing the forecast debt repayments, and validating compliance with the forecasted financial covenant attached to those facilities;
- assessing the appropriateness of management's going concern model, including an evaluation of its structure and logic, testing the clerical accuracy of the model;
- challenging the reasonableness and severity of management's downside sensitivities, ensuring they appropriately reflect the group's principal risks and uncertainties;
- assessing the consistency of the going concern assessment with information obtained from other areas of the audit, including the budget and business plan used in the goodwill and intangible asset impairment assessments, as well as our audit procedures over the acquisition accounting and purchase price allocation;
- considering the impact of subsequent events on the group's cash flow forecasts and overall going concern conclusion;
- reviewing management's reverse stress testing to evaluate how severe a downside scenario would need to be to result in a covenant breach, and assessing whether the required reduction in profitability has anything more than a remote likelihood of occurring when compared to current trading performance, budget and business plan;
- performing independent sensitivity analysis, overlaying an additional downside scenario beyond those considered by management, to assess the robustness of the group's liquidity and covenant headroom under severe but plausible conditions;
- reviewing the group's going concern disclosures (included on page 90 of the Annual Report) to confirm they are consistent with the Board's assessment and comply with the applicable financial reporting requirements;
- the directors' assessment indicates that the group will maintain sufficient liquidity and covenant headroom throughout the going concern assessment period. This includes the continued availability of the €500 million revolving credit facility, which was undrawn as of 31 March 2025 and is forecast to remain undrawn over the going concern assessment period based on the group's liquidity model;
- additionally, management's reverse stress testing demonstrates that the level of reduction in profitability required to trigger a covenant breach is considered to have no more than a remote possibility of materialising.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern the period from when the financial statements are authorised for issue to 31 December 2026.

In relation to the group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Overview of our audit approach	
Audit scope	We performed an audit of the complete financial information of nine components and audit procedures on specific balances for a further component. Additionally, we performed specified audit procedures on three components. We also performed central audit procedures in the UK on accounting for business combination including purchase price allocation, goodwill, investments in subsidiaries and associate undertakings, cash and cash equivalents, long term incentive plans, derivative financial asset & liabilities, assets held for sale, equity and borrowings. All components in the UK and Spain are audited by the respective UK and Spanish audit teams. Together, the UK and Spain audit teams form an integrated group audit engagement team.
Key audit matters	Revenue recognition including management override of controls
	Management override of controls relating to Key Performance Indicator (KPI) impacting executive remuneration
	Valuation of the Vodafone Spain acquisition (Purchase Price Allocation or PPA accounting)
	Valuation of the Vodafone Spain Cash Generating Unit
Materiality	Overall group materiality of €20m which represents 2% of group's EBITDAaL.

An overview of the scope of the parent company and group audits

Tailoring the scope

In the current period our audit scoping was determined in accordance with the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from the audit team in Spain, to identify and assess risks of material misstatement of the group financial statements and identified significant accounts and disclosures. When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the group financial statements, we considered our understanding of the group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

We determined that certain centralised audit procedures in the UK would be performed on accounting for business combination including purchase price allocation, goodwill, investments in subsidiaries and associate undertakings, cash and cash equivalents, long term incentive plans, derivative financial asset & liabilities, assets held for sale, equity and borrowings.

We then identified nine components as individually relevant to the group due to our assessment of risk material misstatement or a significant risk impacting the consolidated financial statements.

For those individually relevant components, we identified the significant accounts where audit work needed to be performed at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed in the UK, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We selected one component of the group to include in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Of the components selected, we designed and performed audit procedures on the entire financial information of nine components ("full scope components"). For one component, we designed and performed audit procedures on specific significant financial statement account balances or disclosures of the financial information of the component ("specific scope components"). For the remaining three components, we performed specified audit procedures to obtain evidence for one or more relevant assertions.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

Involvement with component teams

In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each component, either by the group audit engagement team, or by the component auditor operating under the instructions of the group audit engagement team. All components in the UK and Spain are audited by the respective UK and Spanish audit teams. Together, the UK and Spain audit teams form an integrated group audit engagement team.

The group audit team continued to follow a programme of planned visits that has been designed to ensure that the Senior Statutory Auditor visits all full and specific scope locations each period. During the current period's audit cycle, visits were undertaken by the UK audit team to the audit team in Spain. These visits involved meetings with local management in Spain, understanding the overall audit approach, including key issues and responses as well as reviewing key work papers on risk areas performed by the audit team in Spain.

The UK audit team interacted regularly with the audit team in Spain where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. Where relevant, the section on key audit matters details the level of involvement of the UK audit team with the audit team in Spain to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the group as a whole.

This, together with the additional procedures performed at group level, gave us appropriate evidence for our opinion on the group financial statements.

Climate change

Stakeholders are increasingly interested in how climate change will impact Zegona Communications Plc. The group has determined that the most significant future impacts from climate change on its operations will be from global warming, significant weather events, rising energy costs, increased regulatory compliance costs, and the risk of greenwashing. These are explained on pages 23-27 in the required Task Force for Climate Related Financial Disclosures. This disclosure forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the group's business and any consequential material impact on its financial statements.

The group has explained in note 2 (a), Basis of preparation, how they have reflected the impact of climate change in their financial statements. This disclosure also explains where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under the requirements of UK adopted international accounting standards.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, the effects of material climate risks disclosed on page 25 and the significant judgements and estimates disclosed in note 2 (a) and whether these have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flow, being goodwill and other intangible assets arising out of acquisition accounting, and in the timing and nature of liabilities recognised, being asset retirement obligations. As part of this evaluation, we performed our own risk assessment, to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on:the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Revenue recognition including management override of controls Refer to the Audit and Risk Committee Report (page 45); Accounting policies (page 89); and Note 3 of the Consolidated Financial Statements (page 101) Management recognises revenue according to the principles of IFRS 15, Revenue from Contracts with Customers. We identified a risk of management override through inappropriate manual topside revenue journal entries, as revenue is a key performance indicator used in both external reporting and internal performance incentives. Due the highly automated nature of the revenue recognition process, we consider manual topside entries to be the most likely method for management to manipulate revenue.	Our audit procedures at full scope component locations included the following: • We reviewed Zegona's code of conduct, and fraud risk management policies in order to evaluate the 'tone at the top'. We also reviewed all material instances of reported fraud; • Assessed the design and operating effectiveness of internal controls around manual journal entries, including approval workflows, segregation of duties and access to accounting systems; • We used data analytic tools to identify revenue related manual journals posted to the general ledger and traced these back to underlying source documentation, to evaluate the propriety, completeness and accuracy of the postings; • As part of our overall revenue recognition testing, we used audit procedures supported by data analytic tools. This included testing the occurrence of revenue by analysing the correlation of 100% of journal entries posted to revenue with journals posted to accounts receivables and then subsequently as cash receipts. This approach helped identify any journal entries that deviate from typical posting patterns, which could indicate potential management override. Additionally, we validated cash receipt postings by tracing a sample of them to bank statements; • We focused our journal entry audit procedures on addressing the risk of management override of controls over revenue at all full scope components. Our procedures also covered post-closing period end journal entries and consolidation adjustments; • Performed analytical procedures to assess revenue trends and fluctuations. Compared current period revenue to prior periods and expectations based on business performance to identify any inconsistencies or unusual patterns that could indicate manipulation; • Conducted interviews with management and key personnel involved in the revenue recognition process to understand their approach to revenue reporting, particularly in relation to manual journal entries. Assessed whether there are any indicators of intentional override of controls.

Key observations communicated to the Audit and Risk Committee

Based on the procedures performed, including those in respect of manual adjustments to revenue, we did not identify any evidence of material misstatement in the revenue recognised during the period.

How we scoped our audit to respond to the risk and involvement with component teams

Audit work performed to address this risk was undertaken by the audit team in Spain and supported by the audit team in UK as required.

Risk	Our response to the risk
Management override of controls relating to KPI impacting executive remuneration Refer to the Audit and Risk Committee Report (page 45) and Accounting policies (page 89) There is a risk that management could override controls in order to influence KPI which has a bearing on executive remuneration. We have identified the following areas as those particularly susceptible to this risk: • Understatement of operating and CAPEX-related accruals to overstate operating profits; • Incorrect capitalisation operating expenses that should have been expensed; • Incorrectly capitalising network infrastructure assets that doesn't meet the criteria for capitalisation.	Our audit procedures at full scope locations included the following; • Assessed the design effectiveness of internal controls over the recognition of accruals, as well as the design and operating effectiveness of internal controls related to the capitalisation of operating expenses and assets; • Performed detailed testing of operating and CAPEX-related accruals to ensure that all liabilities are appropriately recognised. This included examining supporting documentation, such as invoices and contracts, to verify the completeness and accuracy of accruals; • Analysed historical accruals and compared trends to identify any unusual or unexplained fluctuations that could suggest intentional understatement; • Performed search for unrecorded liabilities testing using lower testing thresholds to identify any accruals that have not been recorded as at the period end; • We understood management's process on capitalising operating expenses and network infrastructure assets and reviewed the accounting policy in line with IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets; • Using lower testing thresholds, tested a sample of capitalised operating expenses and network infrastructure assets to confirm they meet the criteria for capitalisation under IFRS; • Assessed whether capitalised costs are directly attributable to the creation or enhancement of the network infrastructure, and whether any costs have been inappropriately capitalised to boost asset values or reduce expenses; • Compared current period capitalisations with prior periods and investigate any significant changes in the nature or volume of capitalised costs; • Analysed the nature of journal entries and manual adjustments related to accruals and capitalisation of expenses including network infrastructure assets, particularly those made by senior management, to identify any unusual or suspicious entries that could indicate manipulation of financial results; • Tested a sample of capitalised network infrastructure assets to confirm they meet the criteria for capitalisation under IFRS.

Key observations communicated to the Audit and Risk Committee

Based on the procedures performed, we did not identify any instances of management override of controls in order to influence KPI that has a bearing on remuneration.

How we scoped our audit to respond to the risk and involvement with component teams

Audit work performed to address this risk was undertaken by the audit team in Spain and supported by the audit team in the UK as required.

Risk	Our response to the risk
Valuation of the Vodafone Spain acquisition (PPA accounting) Refer to the Audit and Risk Committee Report (page 45); Accounting policies (page 89); and Note 9 of the Consolidated Financial Statements (page 105) There is a risk that the purchase price allocation could be misstated due to the: • Complexities and judgments involved in identification of acquired assets and liabilities including brands and customer relationship assets; • Judgement and estimation in applying valuation techniques to all identified asset classes. • Assumptions used within those valuations, most significantly macroeconomic assumptions and forecast future cash flows.	• We obtained an understanding of the purchase price allocation performed by management's specialists and assessed competence and objectivity of the specialists; • Evaluated the design effectiveness of the controls surrounding purchase price allocation and related acquisition accounting process; • Ensured compliance with IFRS 3 - Business combinations by reviewing management accounting papers together with the supporting evidence including the relevant SPA and amendments. Examined the agreements to ensure that the purchase price reflects the full and final consideration agreed upon between the parties, and that these are appropriately accounted for in the PPA; • Assessed the methodology used to identify acquired intangible assets, ensuring that they are appropriately recognised in line with IFRS; • Assessed the identification and completeness of assets acquired and liabilities assumed, including a comparison to other acquisitions in the sector. Ensured all acquired intangible assets, such as customer relationships, trademarks, and technology, are properly identified and recognised in accordance with IFRS 3; • Reviewed the valuation models used for the acquired intangibles, ensuring that the valuation techniques are appropriate for each type of asset, and consistent with industry practices. Evaluated assumptions such as future cash flows, discount rates, and other macroeconomic factors, ensuring they are reasonable and aligned with sector standards; • Engaged relevant EY valuation specialists to assist in evaluating the methodology applied and the reasonableness of the key assumptions used by management in determining the fair value of the assets acquired and liabilities assumed; • Challenged the key assumptions made by management, particularly those that have a significant impact on the valuation of assets and liabilities. This included benchmarking these assumptions against external data where possible, to ensure they are reasonable and consistent with market trends and industry practices; • We tested the acquisition balance sheet of Vodafone Spain as at 31 May 2024 by performing an analytical review comparing it to the audited financial statements for the year ended 31 March 2024. This involved corroborating management's explanations with supporting documentation and assessing the reasonableness of variances using a substantive analytical approach; • Obtained the signed completion accounts and agreed to the completion amounts used by management; • We obtained management's assessment on the adjustments made during the measurement period and assessed the adjustments are in line with IFRS 3 requirements; • We performed a tie out of the consideration by agreeing in cash consideration to bank statements and non-cash consideration to signed agreements and/or support; • Considered the appropriateness of the related disclosures in the financial statements.

Key observations communicated to the Audit and Risk Committee

Based on the procedures performed, the allocation of the purchase price to identifiable assets and liabilities aligns with IFRS 3 requirements. The valuation assumptions and methodologies used are deemed reasonable and in line with industry best practices.

How we scoped our audit to respond to the risk and involvement with component teams
All audit work performed to address this risk was undertaken by the audit team in the UK and supported by the audit team in Spain as required.

Risk	Our response to the risk
Valuation of the Vodafone Spain Cash Generating Unit Refer to the Audit and Risk Committee Report (page 45); Accounting policies (page 89); and Note 10 of the Consolidated Financial Statements (page 106) There is a risk that the cash generating unit (CGU) may not generate sufficient cash flow to support the carrying value of goodwill and other intangible assets at the group level and investments in subsidiaries held by the parent company, potentially leading to an impairment charge. This is due to the nature of the Vodafone Spain CGU's valuation, which involves estimation about the future performance of the business. In particular, management make assumptions regarding growth rates, and discount rate, all of which involve a degree of estimation uncertainty.	• We understood the methodology applied by management in identifying CGU and assess this against the requirements of IAS 36 Impairment of Assets; • We understood the methodology applied by management in performing its impairment test for the CGU and walked through the controls over the process; • We calculated the degree to which the key inputs and assumptions would need to fluctuate before an impairment is triggered and considered the likelihood of this occurring. We performed our own sensitivities on the group's forecasts and determined whether adequate headroom remains; • Where there are indicators of impairment or low levels of headroom, we performed detailed testing to critically assess the key inputs to the valuations, including: ◦ analysed the historical accuracy of budgets to actual results to determine whether forecasted cash flows are reliable based on past experience; ◦ evaluated the discount rate used by involving valuation specialists; obtaining the underlying data used in the calculation and benchmarking it against market data and comparable organisations ◦ validated the growth rates assumed by comparing them to analyst reports and benchmarking it against comparable organisations; • We assessed the disclosures in the financial statements against the requirements of IAS 36, in particular in respect of the requirement to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment.

Key observations communicated to the Audit and Risk Committee
Based on the procedures performed, we concur with management that there is no requirement to recognise an impairment charge for the financial period ending 31 March 2025.

How we scoped our audit to respond to the risk and involvement with component teams
All audit work performed to address this risk was undertaken by the audit team in the UK with support from the audit team in Spain as required.

Our application of materiality
We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the group to be €20 million, which is 2% of EBITDAaL. We believe that EBITDAaL provides us with the most relevant performance measure to the stakeholders of the group.

We determined materiality for the parent company to be €14 million, which is 1% of parent company's net assets.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the group's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely €10 million. We have set performance materiality at this percentage as this is first period of audit.

Audit work was undertaken at component locations for the purpose of responding to the assessed risks of material misstatement of the group financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the group as a whole and our assessment of the risk of misstatement at that component. In the current period, the range of performance materiality allocated to components was €1 million to €10 million.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the audit and risk committee that we would report to them all uncorrected audit differences in excess of €1 million, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 138 to 140, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the UK Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 19;
- Directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 36;
- Directors' statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 36;
- Directors' statement on fair, balanced and understandable set out on page 49;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 48;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 47; and
- The section describing the work of the audit and risk committee set out on page 45.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, Financial Reporting Standard 101 'Reduced disclosure framework', the UK Companies Act 2006, the UK Corporate Governance Code, and the Listing Rules of the UK Listing Authority), the relevant tax compliance regulations in the jurisdictions in which the group operates and the EU General Data Protection Regulation (GDPR).

- We understood how the group is complying with those frameworks by making enquiries of management, internal audit, those responsible for legal and compliance procedures and the company secretary. We supplemented our enquiries through our review of board minutes and papers provided to the audit and risk committee, correspondence received from regulatory bodies and attendance at all meetings of the audit and risk committee, as well as consideration of the results of our audit procedures across the group.

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud and assessing whistleblowing incidences for those with a potential financial reporting impact. We also considered performance targets and their propensity to influence on efforts made by management to manage earnings. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included those on revenue recognition and items impacting KPI referred to in the key audit matters section above and testing journals entries and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations or fraudulent financial reporting, where the impact on the financial statements of such non-compliance or fraudulent financial reporting could be material. Our procedures involved enquiries of management and finance teams both in the UK and in Spain, the audit and risk committee, the group internal audit function, the group legal function, and individuals in the fraud and compliance department. We also performed journal entry testing, with a focus on manual journal entries, consolidation journals, journals indicating large or unusual transactions and journals with key words that could indicate management override, based on our understanding of the business; and challenging the assumptions and judgements made by management in respect of significant one-off transactions in the financial period and significant accounting estimates, as referred to in the key audit matters section above.

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address
Following the recommendation from the audit committee, we were appointed by the company on 16 July 2024 to audit the financial statements for the period ending 31 March 2025 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 1 period, covering the period ending 31 March 2025.

The audit opinion is consistent with the additional report to the audit committee.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Marcus Butler (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

London

16 July 2025

Financial Statements

Consolidated Statement of Comprehensive Income

	Notes	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Revenue	3	3,014,621	—
Cost of sales		(580,485)	—
Gross profit		**2,434,136**	**—**
Administrative expenses		(2,042,017)	(4,745)
Net credit losses on financial assets	25	(81,285)	—
Operating separately reported items	4	(396,384)	(8,638)
Operating loss		**(85,550)**	**(13,383)**
Finance income	5	16,273	5,683
Finance cost	5	(380,681)	(7,851)
Loss for the period before tax		**(449,958)**	**(15,551)**
Income tax credit	6	11,153	—
Loss for the period		**(438,805)**	**(15,551)**
Other comprehensive income and expenses			
Exchange differences on translation of foreign operations	32	22,360	8,123
Other comprehensive expense	4	(2,731)	—
Net gain /(loss) on cash flow hedges	25	(8,450)	—
Other comprehensive income		**11,179**	**8,123**
Total comprehensive loss		**(427,626)**	**(7,428)**

In the Period, for the 10 months post acquisition, Vodafone Spain incurred a loss after tax of €82,123k

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

Consolidated Statement of Financial Position

	Notes	31 March 2025 €000	31 December 2023 €000
Assets			
Non-current assets			
Goodwill	9	905,517	—
Intangible assets	10	1,879,189	—
Property, plant and equipment	11	3,533,690	1
Investments in associated undertakings	13	598,096	—
Other investments		1,733	—
Trade and other receivables	15	257,887	5,071
		7,176,112	**5,072**
Current assets			
Trade and other receivables	15	950,203	1,189,548
Inventory		45,812	—
Cash and cash equivalents	23	207,989	4,648
		1,204,004	**1,194,196**
Assets held for sale	7	107,698	—
Total assets		**8,487,814**	**1,199,268**
Equity and liabilities			
Equity			
Share capital	18	8,971	8,312
Share premium	19	1,229,327	1,182,375
Capital contribution reserve	19	190,424	2,565
Share based payment reserve	19	62,751	156
Other reserves	19	(8,450)	(3,722)
Retained earnings	19	(689,993)	(9,219)
Foreign currency translation reserve	19	23,561	1,201
		816,591	**1,181,668**
Non-current liabilities			
Borrowings	21	3,918,120	—
Trade and other payables	16	676,425	—
Provisions	17	176,058	—
Lease liabilities	24	654,622	—
		5,425,225	**—**
Current liabilities			
Interest payable on borrowings		46,283	—
Trade and other payables	16	1,635,556	17,600
Provisions	17	213,528	—
Lease liabilities	24	350,631	—
		2,245,998	**17,600**
Total liabilities		**7,671,223**	**17,600**
Total equity and liabilities		**8,487,814**	**1,199,268**

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

The Financial Statements of Zegona Communications plc (registered number 09395163) were approved by the Board of Directors on 16 July 2025 and were signed on its behalf by:

Eamonn O'Hare

Director

Robert Samuelson

Director

Consolidated Statement of Changes in Equity

	Note	Share capital €000	Share premium €000	Capital redemption reserve €000	Share-based payment reserve €000	Other reserves – cash flow hedge reserve €000	Other reserves – promissory note €000	Retained earnings €000	Foreign currency translation reserve €000	Total equity €000
Balance at 1 January 2024		8,312	1,182,375	2,565	156	—	(3,722)	(9,219)	1,201	1,181,668
Loss for the period		—	—	—	—	—	—	(438,805)	—	(438,805)
Other comprehensive income/(expense)		—	—	—	—	(8,450)	—	(2,731)	22,360	11,179
Issuance of shares		659	234,857	—	—	—	—	—	—	235,516
Reclassification of interest income related to promissory note		—	—	—	—	—	3,722	(3,722)	—	—
Share premium reduction	19	—	(187,859)	187,859	—	—	—	—	—	—
Transaction costs arising on share issues		—	(46)	—	—	—	—	—	—	(46)
Share-based payment cost	29	—	—	—	—	—	—	(235,516)	—	(235,516)
Share-based payment charge		—	—	—	62,595	—	—	—	—	62,595
Balance at 31 March 2025		**8,971**	**1,229,327**	**190,424**	**62,751**	**(8,450)**	**—**	**(689,993)**	**23,561**	**816,591**

Share premium reserves includes €900m of capital contributions. For more detail refer to note 9.

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

Consolidated Statement of Changes in Equity

	Note	Share capital €000	Share premium €000	Capital redemption reserve €000	Share-based payment reserve €000	Other reserves – promissory note €000	Retained earnings €000	Foreign currency translation reserve €000	Total equity €000
Balance at 1 January 2023		311	3,049	2,565	65	—	11,469	(6,922)	10,537
Loss for the period		—	—	—	—	—	(15,551)	—	(15,551)
Other comprehensive income		—	—	—	—	—	—	8,123	8,123
Share-based payment expense		—	—	—	91	—	—	—	91
Issuance of shares		8,001	1,184,282	—	—	(8,859)	—	—	1,183,424
Transaction costs arising on share issues		—	(4,956)	—	—	—	—	—	(4,956)
Reclassification of interest income related to promissory note		—	—	—	—	5,137	(5,137)	—	—
Balance at 31 December 2023		**8,312**	**1,182,375**	**2,565**	**156**	**(3,722)**	**(9,219)**	**1,201**	**1,181,668**

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

Consolidated Statement of Cash Flows

	Notes	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Net cash flows from operating activities	22	**1,421,402**	**(3,929)**
Cash flows from investing activities			
Transfer of cash to Escrow	9	—	(290,000)
Transfer of cash from Escrow	9	290,000	—
Cash from Escrow used for acquisition	9	(290,000)	—
Repayment of loans in acquired subsidiary	9	(3,325,540)	—
Net cash from borrowings used for the acquisition	9	(362,560)	—
Purchase of investments		834	—
Purchase of intangible fixed assets		(302,390)	—
Purchase of property, plant and equipment		(162,986)	—
Interest received relating to investing activities		12,534	244
Purchase of interests in joint ventures		(558)	—
Net cash outflow from investing activities		**(4,140,666)**	**(289,756)**
Cash flows from financing activities			
Proceeds from issuance of shares		—	292,294
Costs of issuance of shares		(46)	—
Proceeds from borrowings, net of transaction costs paid	21	3,678,726	—
Interest paid relating to financing activities		(238,970)	—
Payment of redemption of management shares	29	(26,168)	—
Repayments of leases		(490,937)	—
Net cash inflow from financing activities		**2,922,605**	**292,294**
Net increase/(decrease) in cash and cash equivalents		**203,341**	**(1,391)**
Cash and cash equivalents at the beginning of the period		4,648	149
Effects of exchange rate changes on cash and cash equivalents		—	5,890
Cash and cash equivalents at the end of the period	23	**207,989**	**4,648**

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

See note 9 for details of the non-cash investment movements relating to the acquisition of Vodafone Spain and note 10 for the capital creditor movement.

Notes to the Consolidated 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.

During the Period, Zegona Communications plc purchased Vodafone Spain. Upon completion of the acquisition of Vodafone Spain, the Company's accounting reference date was changed to 31 March 2025.

The 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.

On 16 July 2024 EY LLP were appointed the Group's auditors.

A number of UK subsidiaries of Zegona Communications plc have opted to take the audit exemption as set out within section 479A of the Companies Act; see note 33 for more details.

2. Material Accounting Policies

(a) Basis of preparation

This section describes the critical accounting judgements and estimates that Management has identified as having a potentially material impact on the Group's consolidated financial statements and sets out our material accounting policies that relate to the financial statements as a whole.

We have also detailed below the new accounting pronouncements that we will adopt in future years and our current view of the impact they will have on our financial reporting.

The consolidated financial statements are prepared in accordance with UK-adopted International Accounting Standards ("IAS"), and with the requirements of the Companies Act 2006 (the "Act"). The consolidated financial statements are prepared on a going concern basis.

IFRS requires the Directors to adopt accounting policies that are the most appropriate to the Group's circumstances. These have been applied consistently to all the periods presented, unless otherwise stated. In determining and applying accounting policies, Directors and Management are required to make judgements and estimates in respect of items where the choice of a specific policy, accounting judgement, estimate or assumption to be followed could materially affect the Group's reported financial position, results or cash flows and disclosure of contingent assets or liabilities during the reporting period; it may later be determined that a different choice may have been more appropriate.

The Group's critical accounting judgements and key sources of estimation uncertainty are detailed below. Actual outcomes could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period; they are recognised in the period of the revision and future periods if the revision affects both current and future periods.

Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the financial statements and the estimates that are considered to be 'critical estimates' due to their potential to give rise to material adjustments in the Group's financial statements in the year to 31 March 2026. As at 31 March 2025, Management has identified critical judgements in respect of revenue recognition, lease accounting, the recognition of deferred tax assets and valuing assets and liabilities acquired in business combinations.

In addition, Management has identified critical accounting estimates in relation to the recovery of deferred tax assets, management incentive plans and impairment reviews; estimates have also been identified that are not considered to be critical in respect of the allocation of revenue to goods and services, the useful economic lives of finite lived intangible assets and property, plant and equipment.

The majority of the Group's provisions are either long-term in nature (such as asset retirement obligations) or relate to shorter-term liabilities (such as those relating to restructuring and property) where there is not considered to be a significant risk of material adjustment in the next financial year.

These critical accounting judgements, estimates and related disclosures have been discussed with the Group's A&RC.

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 are included in the consolidated 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 and the Group's functional currency changed from GBP to Euro (see note 32 for more details). The Group's functional currency is therefore now the same as its presentational currency.

The financial statements have been prepared under the historical cost convention except for certain financial assets that have been measured at fair value, relating mainly the PPA valuations as disclosed in note 9.c.

(b) Going concern

As at 31 March 2025, the Group has a strong liquidity position with €208m of cash and cash equivalents together with undrawn revolving credit facilities of €500m. Except for one capital payment relating to Term Loan A for €62.5m, which is due in November 2026, none of the Group's other debt facilities fall due in the going concern period (from the date of signing through to 31 December 2026).

The Directors have reviewed a detailed cash flow base case driven by expected performance and future business plans. A plausible but severe downside sensitivity analysis was also reviewed which modelled an overall €93m reduction in revenue over the going concern period, resulting in an €81m reduction in EBITDAaL with no cost mitigations..

Additionally, the Directors reviewed a reverse stress test scenario to calculate the decrease to the Group's forecast EBITDAaL to result in a breach of the Group's debt covenant. The required reduction in EBITDAaL to cause a breach of debt covenants over the going concern period was 26% (prior to any mitigating actions being taken to improve revenues or manage costs in such a scenario). This scenario was deemed as implausible given the contractual nature of revenue earned within the business, and based on historic business performance.

In the base case, downside and reverse stress test scenarios, there is significant headroom available on liquidity.

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 going concern period, from the issuance of these financial statements to 31 December 2026.

The Directors therefore consider it appropriate to adopt the going concern basis when preparing the consolidated financial information for the Period.

(c) Critical accounting judgements and significant estimates

The preparation of the financial statements requires Management to consider estimates and assumptions that affect the reported amounts of revenue, costs, 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. Actual results may differ from these estimates.

Significant judgements

(i) Business combinations and goodwill - Judgement

On 31 May 2024, Zegona purchased Vodafone Spain for a total consideration of €5 billion. The process of determining the fair value of the acquired assets and liabilities involves Management's judgment in relation to the valuation methodologies applied. These judgements are set out in note 9.

(ii) Revenue recognition - Judgement

Gross versus net revenue presentation

Judgement is required in deciding whether revenues earned by the Group should be recognised gross (when acting as a principal) or net (when acting as an agent). Whether the Group is considered to be the principal or an agent in the transaction depends on an analysis by management of both the legal form and substance of the agreement between the Group and its business partners. 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.Scenarios requiring judgement to determine whether the Group is a principal or an agent include, for example, those where the Group delivers third-party branded software or services (such as premium music, TV content or cloud-based services) to customers and those where goods or services are delivered to customers in partnership with a third-party. The Group considers a range of factors when assessing whether the Group is the principal.

(iii) Lease accounting - Judgement

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 counter-party to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The scenarios requiring the greatest 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 it is determined that the Group can also direct the use of the line and therefore 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, generally 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. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term.

(iv) Climate Change - Judgement

The potential climate change-related risks and opportunities to which the Group is exposed, as identified by Management, are disclosed in the Climate-Related Disclosures on page 23. Management has assessed the potential financial impacts relating to the identified risks, primarily physical and transitional. Management has exercised judgement in concluding that there are no further material financial impacts of the Group's climate-related risks and opportunities on the consolidated financial statements. These judgements will be kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group's control which are not all currently known.

(v) Impairment reviews - Judgement

IFRS requires management to annually test all investments and indefinite lived assets for impairment, if events or changes in circumstances indicate that their carrying amounts may not be recoverable. Management is required to make significant judgements concerning the identification of impairment indicators and the determination of recoverable amounts for its assets which are based on the higher of their fair value less costs to sell and their value in use. Observable market data on fair values for equivalent assets is often limited and transaction values agreed as part of any business acquisition or disposal may be higher than the assessed value in use. Further details, including a sensitivity analysis, are included in note 12 "Impairment losses" to the consolidated financial statements.

(vi) Joint Venture - Judgement

Management apply judgement in assessing joint ventures and determining the existence of control to ensure appropriate accounting is applied. Management assess the legal form and substance of the arrangement taking into account relevant facts and circumstances such as whether the owners have rights to substantially all the economic outputs and, in substance, settle the liabilities of the entity.

Significant estimates

(vii) Business combinations and goodwill - Estimate

On 31 May 2024, Zegona purchased Vodafone Spain for an enterprise value of €5 billion. The process of determining the fair value of the acquired assets and liabilities involves Management employing significant estimates in relation to the key input assumptions selected. These significant estimates and associated sensitivity analysis are set out in note 9.

(viii) Revenue recognition - Estimate

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. Where it is not possible to reliably estimate standalone prices due to a lack of observable standalone sales or highly variable pricing the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract.

(ix) Finite lived intangible assets - Estimate

Other intangible assets include amounts incurred by the Group in acquiring licences and spectrum, customer bases and the costs of purchasing and developing computer software.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset. Estimates relating to the future cash flows, such as growth and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

Customer bases (critical accounting estimates)

The estimated useful life principally reflects Management's view of the average economic life of the customer base and is assessed by reference to customer churn rates. An increase in churn rates may lead to a reduction in the estimated useful life and an increase in the amortisation charge.

Capitalised software (critical accounting estimates)

The estimated useful life is based on Management's view, considering historical experience with similar products as well as the consideration of future events which may impact their life such as changes in technology. The useful life will not exceed the duration of a licence.

(x) Property, plant and equipment - Estimate

Estimates and assumptions made may have a material impact on the carrying value and related depreciation charge. See note 11 "Property, plant and equipment" to the consolidated financial statements for further details.

Estimation of useful life

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Management's estimates of useful life have a material impact on the amount of depreciation recorded in the period, but there is not considered to be a significant risk of material adjustment to the carrying values of property, plant and equipment in the year to 31 March 2026 if these estimates were revised. Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and taking into account other relevant factors such as any expected changes in technology.

(xi) Impairment reviews - Estimate

IFRS requires Management to perform impairment tests annually for indefinite lived assets and for finite lived assets if events or changes in circumstances indicate that their carrying amounts may not be recoverable. The Group performs an annual impairment test which focuses on determining the recoverable amounts for its assets based on value in use, being the present value of the future cash flows it expects to generate from the continuing use of its assets or cash-generating units. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including Management's expectations of:

- Growth in Adjusted EBITDAaL;
- Timing and amount of future capital expenditure;
- Long-term growth rates; and
- Discount rates that reflect the future cash flows.

Changing the assumptions selected by Management, in particular projected Adjusted EBITDAaL, long-term growth rate and discount rate assumptions, could significantly affect the Group's impairment evaluation and hence reported assets and profit or loss. Further details, including a sensitivity analysis, are included in note 12 "Impairment losses" to the consolidated financial statements.

(xii) Long term incentive plans - Estimate

The Group has three Long Term Incentive Plans ("LTIPs"). For these plans significant estimates have been used in building the Monte Carlo models and to calculate the probability of future liabilities. For more detailed analysis of the assumption see note 29.

(d) Material accounting policies

(i) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(ii) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but where the Group does not have control or joint control over those policies.

At the date of acquisition, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate is recognised as goodwill. The goodwill is included within the carrying amount of the investment.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method. Under the equity method, investments in joint ventures are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of the net assets of the joint venture, less any impairment in the value of the investment. The Group's share of post-tax profits or losses are recognised in the consolidated income statement. Losses of an associate in excess of the Group's interest are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(iii) Assets held for sale

The Group classifies non-current assets and current assets and liabilities within disposal groups ("assets") as held for sale if the assets are available immediately for sale in their present condition and management is committed to sell such assets.

As it is highly probable that carrying amounts will be recovered principally through a sale transaction rather than through continuing use and the sale is expected to be completed within one year from the date of the initial classification these assets have been classed as held for sale.

Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position and are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Similarly, equity accounting ceases for associates and joint ventures held for sale.

(iv) Goodwill

Goodwill is not subject to amortisation but is assessed for impairment annually or where 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. The cash generating units are the same level as the Group's operating segments.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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.

(v) 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. There are no other intangible assets; if the Group had such assets, they would be recognised at cost, The determination of the fair values of the separately identified intangibles, is based, in part, on Management's judgement.

At each reporting period date, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the consolidated income statement.

Where there has been a change in the estimates used to determine recoverable amounts and an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years and an impairment loss reversal is recognised immediately in the consolidated income statement.

Useful life

The useful life over which intangible assets are amortised is reviewed annually to ensure that they remain appropriate. Useful lives are included in the sub-categories below for each type of intangible asset.

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 programmes 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.

(vi) 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 requires Management judgement and is based on the underlying expected life of the customer relationship based on historical actuals and market trends,normally between 0.5-3 years.

(vii) 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.

(viii) Property, plant and equipment

At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss.

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.

Useful life

Management determines the useful lives and residual values for assets when they are acquired. Useful lives are included in the sub-categories below for each type of tangible asset.

Land and buildings	
Freehold buildings	5–25 years
Leasehold premises	The term of the lease
Equipment, fixtures and fittings	
Network infrastructure and other	1–35 years

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.

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.

(ix) Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the basis of weighted average costs comprising direct material costs.

(x) 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 instalments from customers over an extended period are discounted at market rates and interest revenue is accreted over the expected repayment period. Trade receivables recognised at fair value through other comprehensive income represent those trade receivables which have been sold, a practice which the Group performs from time to time. All other trade receivables are recorded at amortised cost.

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.

(xi) Taxes

Current tax payable or recoverable is based on taxable profit for the Period. 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 periods 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 is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable temporary differences or taxable profits will be available against which deductible temporary differences can be utilised.

Such liabilities are not recognised when the deferred tax liability arises from the initial recognition of goodwill or an assets or liability in a transaction that is not a business combination and, at the time of the transaction, affects nether the accounting profit or loss and does not give rise to equal taxable and deductible temporary differences. Neither is an asset recognised when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period date and adjusted to reflect changes in the Group's assessment that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting period date.

Tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they either relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend to settle the current tax assets and liabilities on a net basis.

Tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the tax is recognised in other comprehensive income or in equity.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which a deductible taxable temporary difference can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse:

a. in the same period as the expected reversal of the deductible taxable temporary difference; or

b. in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. In such circumstances, the deferred tax asset is recognised in the period in which the deductible taxable temporary differences arise.

When there are insufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, the deferred tax asset is recognised to the extent that it is probable that the entity will have sufficient taxable profit relating to the same taxation authority and the same taxable entity in the same period as the reversal of the deductible taxable temporary difference (or in the periods into which a tax loss arising from the deferred tax asset can be carried back or forward).

(xii) Trade and other payables

Trade and other payables are classified at initial recognition as financial liabilities at fair value through profit or loss. They are subsequently measured at amortised cost**.**

(xiii) 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 obligation

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 and this is subsequently depreciated. Any change in the present value of the estimated expenditure is adjusted at the start of the financial period 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, establishes provisions considering the facts of each case. An assessment is made of each case, and a provision is recognised based on the likelihood of the success of the claim and magnitude involved.

Restructuring

The Group undertakes periodic reviews of its operations and recognises provisions as required based on the outcomes of these reviews. Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:

i. there is a detailed formal plan that identifies the business or part of the business concerned, the detailed estimates of the associated costs, the timelines and, if relevant the location and number of employees affected; and

ii. the employees affected have been notified of the plan´s main features.

The associated cash outflows for restructuring costs are primarily less than one year.

Other

Comprises various items that do not fall within the Group's other categories of provisions.

(xiv) 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. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. See note 21.

(xv) 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.

(xvi) Financial instruments

Financial instruments comprise investments trade receivables, cash and cash equivalents, payables and accruals and borrowings. Where recorded at fair value, their fair values are based on standard valuation techniques, including market comparisons and discounts of future cash flows, maximising the use of observable inputs and adjusting for risk.

(xvii) Derivative financial instruments and hedge accounting

The Group's borrowings expose it to the financial risks of changes in foreign exchange rates and interest rates which it manages using derivative financial instruments. The Group does not use derivative financial instruments for speculative purposes.

The Group designates certain derivatives as:

- hedges of the change in fair value of recognised assets and liabilities ("fair value hedges"); or
- hedges of highly probable forecast transactions or hedges of foreign currency or interest rate risks of firm commitments ("cash flow hedges");

Derivative financial instruments are initially measured at fair value at the contract date and are subsequently re-measured to fair value at each reporting date. Changes in values of all derivatives of a financing nature are included within investment income and financing costs in the income statement unless designated in an effective cash flow hedge relationship or a hedge of a net investment in foreign operations when the effective portion of changes in value are deferred to other comprehensive income. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For fair value hedges, the carrying value of the hedged item is also adjusted for changes in fair value for the hedged risk, with gains and losses recognised in the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. When hedge accounting is discontinued, any gain or loss recognised in other comprehensive income at that time remains in equity and is recognised in the income statement when the hedged transaction is ultimately recognised in the income statement.

For cash flow hedges, when the hedged item is recognised in the income statement, amounts previously recognised in other comprehensive income and accumulated in equity for the hedging instrument are reclassified to the income statement. However, when the hedged transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

(xviii) 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 the essential terms and conditions associated with the award. If shareholder approval is needed, 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 Operating separately reported items with a corresponding increase in equity through the share-based payment reserve, on a straight-line basis over the period that those employees provide services, and, assuming the performance criteria are met, the employees become unconditionally entitled to the awards.

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 commented upon as share dilution in the computation of EPS.

(xix) 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. If a service is delivered over a period of time then the revenue is recognised over such period. If a service is delivered at a point in time then the revenue is recognised at such time.

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.

Customers pay in advance for prepay mobile services and monthly for other communication services. Customers typically pay for handsets and other equipment either up-front at the time of sale or over the term of the related service agreement.

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.

(xx) Administrative expenses
Operating and administrative expenses predominantly relate to salaries, professional fees, customer acquisition and retention costs, depreciation and amortisation.

(xxi) Operating separately reported items
Operating separately reported 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.

(xxii) Financing income
Finance income is income received from cash amounts held on account and is recorded in the Consolidated statement of comprehensive income. The cash received is recognised as an investing activity in the Consolidated statement of cash flows.

(xxiii) Finance expense
Interest paid is recorded as a finance expense in the Consolidated statement of comprehensive income, with cash paid recognised as financing activity in the Consolidated statement of cash flows.

(xxiv) Foreign currencies
Functional Currency
The Group's consolidated financial 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.

On 31 May 2024 the functional currency of the Company changed to Euros on completion of the acquisition of Vodafone Spain (see Note 32 Change in Functional Currency).

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 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) Current or non-current classification

Assets are classified as current in the consolidated statement of financial position where recovery is expected within 12 months of the reporting date. All assets where recovery is expected more than 12 months from the reporting date and all deferred tax assets, goodwill and intangible assets, property, plant and equipment and investments in associates and joint ventures are reported as non-current.

Liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. For provisions, where the timing of settlement is uncertain, amounts are classified as non-current where settlement is expected more than 12 months from the reporting date. In addition, deferred tax liabilities and post-employment benefits are reported as non-current.

(f) New accounting pronouncements to be adopted

Standards, amendments and interpretations effective and adopted by Zegona:

The accounting policies adopted in the presentation of the consolidated and Company financial statements reflect the adoption of the following amendments for annual periods beginning on or after 1 January 2024, none of which had a material effect on Zegona.

Standard	Effective date
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024

Standards, amendments and interpretation issued but not yet effective:

The Group intends to adopt the following standards, amendments and interpretations, if applicable, when they become effective. Adopting these standards will not have a material impact on the Group:

Standard	Effective date
Lack of exchangeability (Amendments to IAS 21)	1 January 2025
Classification of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	1 January 2026
Renewable electricity contracts (Amendments to IFRS 9 and IFRS 7)	1 January 2026

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.

	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Service revenue	2,666,089	—
Other revenue	348,532	—
Total Revenue	**3,014,621**	**—**

All revenue in the Period to 31 March 2025 relates to Vodafone Spain and was earned in Spain.

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 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 are the same as the equivalent consolidated amounts disclosed elsewhere in these financial statements.

Service revenue for the Period was €2,666,089k, Equipment revenue €274,175k, Interest revenue €27,656k and Other revenue €46,701k. Equipment revenue is recognised on a point in time basis; all other revenue is recognised over time.

4. Operating Profit

	Note	15m ended 31 March 2025 €000
Amortisation of intangible assets	10	272,016
Depreciation of property, plant and equipment	11	
Owned assets		483,228
Leased assets		343,844
Staff Costs	27	159,279
Amounts related to inventory included in cost of sales		365,936

Operating separately reported items

In the 15 months to 31 March 2025 €40,364k (2023: €8,500k) of Operating separately reported items were recognised relating to professional fees incurred as part of the acquisition of Vodafone Spain; restructuring costs of €144,064k (2023: nil) were incurred; €132,450k (2023: €234k) costs in relation to long term incentive plans and €77,892k (2023: nil) related to losses on extinguishment of debt facilities (see note 21).

Other comprehensive expense of €2,731k relates to bad debts measured at fair value through other comprehensive income.

The total remuneration of the Group's auditor EY LLP and other member firms of EY Global Limited, for services provided to the Group during the Period ended 31 March 2025 is analysed below.

	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Audit related	2,842	393
Non-audit related	1,421	187
Total fees	**4,263**	**580**

In the 12 months to 31 December 2023 KPMG LLP were the auditors of the Group.

5. Investment Income And Financing Costs

Investment income comprises interest received from short-term investments and other receivables. Financing costs mainly arise from interest due on bonds, bank loans and the results of hedging transactions used to manage foreign exchange and interest rate movements.

	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Investment income		
Bank interest	12,551	546
Interest income on promissory note	3,722	5,137
	16,273	**5,683**
Financing costs		
Bonds (note 21)	(107,802)	—
Lease liabilities	(29,492)	—
Bank loans and overdraft interest (note 21)	(167,414)	(4)
Loan facility fees	(37,255)	—
Loss on closure of cash flow hedges	(8,101)	—
Foreign exchange	(30,617)	(7,847)
	(380,681)	**(7,851)**

6. Taxes

This note explains how the Group tax charge / credit arises. The deferred tax section of the note also provides information on the expected future tax charges / credits and sets out the tax assets held across the Group together with the view on whether or not we expect to be able to make use of these in the future.

Fiscal consolidation regime

The individual taxable income is included in the taxable income of the tax consolidation group of which Zegona Communications plc is the ultimate parent company and Zegona Bidco, S.L.U. is the representative parent company in Spain.

Tax charge for the Period to 31 March 2025

	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Current period	144	—
Deferred tax credit	(10,014)	—
Adjustments in respect of prior years	(1,283)	—
Income tax credit directly attributable to comprehensive loss for the period	**(11,153)**	**—**

Factors affecting the tax credit for the Period

Below is a reconciliation between the accounting profit and the taxable income for corporation tax purposes:

	15m ended 31 March 2025 €'000	12m ended 31 December 2023 €'000
Loss before tax as shown in the consolidated statement of comprehensive loss	**(449,958)**	**(15,551)**
Tax on profit at standard UK rate of 25%	**(112,490)**	**(3,655)**
Expenses not deductible for tax purposes:	44,846	2,023
Effects of overseas tax rates	(92)	—
Amounts not recognised	57,866	1,632
Prior year adjustment	(1,283)	—
Impact of unrecognised deferred tax assets	—	—
Income tax credit directly attributable to comprehensive loss for the period	**(11,153)**	**—**

The Group does not recognise further deferred assets as the Group's future profits are not currently seen as probable for the purposes of tax recognition,

Analysis of movements in the net deferred tax liability balance during the Period:

	€000
31 December 2023	—
Movement arising from acquisition of business	10,014
Credited to the statement of comprehensive income	(10,014)
31 March 2025	—

Deferred tax assets on losses

Deferred tax assets and liabilities, before offset of balances are as follows:

	Opening Gross deferred tax asset / (liability) at 31 December 2023 €000	Closing Gross deferred tax asset / (liability) at 31 March 2025 €000	Amount credited/(expensed) in the statement of comprehensive income €000
Business combination			
Customer relationships	—	(78,084)	—
Brand	—	(10,737)	—
Tangible assets	—	(2,551)	—
Asset impairment	—	91,372	10,014
IFRS 16	—	**(204,334)**	
IFRS 16	—	204,334	—
Total gross deferred assets	**—**	**295,706**	
Total gross deferred liabilities	**—**	**(295,706)**	
Credited to the statement of comprehensive income			**10,014**

The Group has tax losses of €5.3b (2023: nil) which are available to offset against the future profits of the Spanish Group subsidiary companies. No deferred tax asset is recognised for these losses.

The UK entities have tax losses of €57.0m (2023: €39.1m) which are available to offset against the future profits of the UK companies. No deferred tax asset is recognised for these losses due to the insufficient taxable UK profits. There is also a temporary difference arising in respect of interest that is restricted and carried forward to be offset in future periods (subject to certain conditions being met). The gross temporary difference is €157.7m. No deferred tax asset has been recognised due to insufficient taxable UK profits.

7. Assets Held For Sale

On 2 January 2025, the Group announced that Vodafone Holdings Europe, S.L.U. and MasOrange, S.L. had entered into a binding contract to create a new fibre network company in Spain ("FibreCo"). FibreCo will bring together network assets of Vodafone Spain and MasOrange to create a 100% FTTH network covering 12.2 million premises across Spain.

The relevant assets and liabilities which will be transferred out of the Group, and therefore are disclosed as Held for Sale, are included in the table below.

	31 March 2025 €000
Non-current assets	
Property, plant & equipment	107,698
Assets held for sale	**107,698**

8. Earnings 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 period.

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.

As the Group made a loss in the periods ending 31 March 2025 and 31 December 2023 no dilutive impact is included in the loss per share.

	15 months ended 31 March 2025	**12 months ended 31 Dec 2023**
Loss for the period attributable to equity holders of the parent (€000)	(438,805)	(15,551)
Weighted average number of ordinary shares	724,314,109	105,606,703
Basic EPS (€)	(0.61)	(0.15)

9. Acquisitions

(a) Background

On 31 May 2024, Zegona (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 consideration was €5 billion.

The acquisition was financed through a combination of equity and debt. Zegona issued shares and entered into the following underwritten financing package:

- €300m (£262m) in gross proceeds through the placing of 174,413,535 shares at a price per share of 150 pence;
- €900m (£785m) in gross proceeds through the conditional subscription of 523,240,603 shares at 150 pence per share to EJLSHM Funding Limited;
- gross proceeds of €0.5m (£0.5m) through a separate offering of shares at 150 pence per share;
- committed debt financing of €4,400m, which consisted of a term loan of €500m, a corporate bridge facility of €3,400m (note 21) and a €500m RCF (which was not drawn upon at closing nor has been post-acquisition).

The acquired business contributed revenues of €2,666m and incurred a loss after tax of €82m in the period from 1 June 2024 to 31 March 2025 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 €1,563m 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;
- €87m extinguishment of net receivables due from the seller (non-cash); less
- €168m SPA related liabilities assumed by acquirer.

The €900m promissory notes, €87m transfer of receivable and €168m SPA movement, were all non-cash movements related to the acquisition. Net cash movement was the €454m consideration less the €91m cash acquired, resulting in €363m cash used.

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

(c) Purchase price allocation

A summary of the Fair Value of the Assets and liabilities assumed is presented below:

Identifiable assets acquired and liabilities assumed	€000
Property, plant and equipment	3,912,709
Intangible assets	1,861,049
Trade and other receivables	1,149,411
Cash and cash equivalents	91,440
Inventory	39,738
Total assets acquired	**7,054,347**
Long-term borrowings to Zegona	(3,325,540)
Other long-term borrowings	(180,081)
Trade and other payables	(2,305,110)
Provisions	(180,191)
Deferred tax liabilities	(10,014)
Total liabilities acquired	**(6,000,936)**
Credit granted by seller	(60,000)
Total identifiable net assets at fair value	**993,411**
Difference fair value to equity value	737,589
Vodafone Spain net equity	**1,731,000**
SPA related matters affecting goodwill	(167,928)
Adjusted consideration	**1,563,072**
Goodwill	905,517

In accordance with IFRS 3, as noted in the Interim Financial Statements, the initial Purchase Price Accounting was provisional due to the short time frame from acquisition (31 May 2024) to the interim reporting date (30 June 2024). Since this date, the Company has worked extensively with experts to ensure that the provisional amounts were updated to reflect the facts and circumstance as at the acquisition date. Within the stipulated twelve month measurement period, certain balances have been updated to reflect this.

The main areas affected were: Property, Plant and Equipment; Intangible Assets Trade Payables working capital. These adjustments resulted in a €347m increase in Goodwill.

Through subsequent negotiations with the Seller, the accounting for various SPA matters was also finalised and, as such, have been included in the final Purchase Price Allocation table above. These adjustments resulted in an increase in Goodwill of €168m.

Assets and Liabilities identified

Property, plant and equipment

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

- The 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 +/-€22.9m.
- The fair value of pipelines was assessed by calculating the net present value of the future cost to the Group. A +/- 0.5% change in the discount rate would result in an increase / decrease in the fair value of these assets by +€48.8m or -€50.7m respectively.
- The 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 +/- €0.3m.
- Included within property plant and equipment is mobile support network infrastructure. Fair value has been assessed as being equal to the carrying net book value at the acquisition date.

Intangible assets

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

- Where not supported by external valuations, the 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 critical estimates in the assessments are the forecast revenue growth, royalty cost and discount rate applied. A change in revenue growth assumption of +/-5% would increase / decrease the fair value of the brand by +/- €0.3m. A change in royalty cost and discount rate of +/-0.5% would increase / decrease the fair value of the brand by + €4.3m or -€4.4m respectively.
- The fair value of the customer relationships was assessed using the multi-period excess earnings methodology. The most significant assumptions in the assessments are discount and existing customer retention rates (churn). A +/-0.5% increase / decrease in the discount rate would increase / decrease the fair value by +€10.5m or -€10.9m respectively. A +/-2.5% increase / decrease in churn would increase / decrease estimated fair value of customer relationships by +€12.0m or decrease by -€12.4m respectively.
- Included within Intangible assets is Spectrum. After analysis, the Fair Value has been ascertained as being equal to the carrying net book value at the acquisition date.

The fair value of acquired trade receivables is €899m. The gross contractual amount for trade receivables due is €1,080m, with a loss allowance of €181m recognised on acquisition.

Long-term borrowings

Long-term borrowings include a term loan of €3,326m issued by 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 €40.4m. All costs relating to the Period to 31 March 2025 have been expensed to the consolidated statement of comprehensive income within Operating separately reported items and are included within Operating activities in the consolidated statement of cash flows.

Net cash acquired with the subsidiary (included in cash flows from investing activities) was €91.0m.

10. Intangible Assets

The consolidated statement of financial position contains intangible assets, mainly in relation to the purchased goodwill and licences and spectrum arising from the acquisition, as mentioned in Note 9.

Licences and spectrum are amortised over the life of the licence. For further details see 'Critical accounting judgements and key sources of estimation uncertainty' in note 2.c to the consolidated financial statements.

	Goodwill	License and spectrum fees	Computer software	Customer-related intangible assets	Brands	Total
	€000	€000	€000	€000	€000	€000
Cost						
At 31 December 2023	**—**	**—**	**—**	**—**	**—**	**—**
Arising from acquisitions	905,517	678,547	247,133	576,892	358,477	2,766,566
Additions	—	4	43,067	247,384	—	290,455
Disposals	—	—	(4,008)	(88)	—	(4,096)
At 31 March 2025	**905,517**	**678,551**	**286,192**	**824,188**	**358,477**	**3,052,925**
Accumulated amortisation and impairment						
At 31 December 2023	**—**	**—**	**—**	**—**	**—**	**—**
Charge for the period	—	16,083	83,613	143,724	28,596	272,016
Disposals	—	—	(3,709)	(88)	—	(3,797)
At 31 March 2025	**—**	**16,083**	**79,904**	**143,636**	**28,596**	**268,219**
Net book value						
At 31 March 2025	**905,517**	**662,468**	**206,288**	**680,552**	**329,881**	**2,784,706**

For licences and spectrum fees, computer software, customer related-intangibles and other intangible assets, amortisation is included within the depreciation, amortisation and impairment line within the statement of comprehensive income.

Included in the net book value of computer software are assets in the course of construction, which are not amortised, with a cost of €28,043k (2023:nil). Capital creditor cash movement was €12.3m in the Period.

11. Property, Plant And Equipment

The Group makes significant investments in network equipment and infrastructure, the base stations and technology required to operate our networks, that form the majority of our tangible assets. All assets are depreciated over their useful economic lives. For further details on the estimation of useful economic lives, see 'Critical accounting judgements and key sources of estimation uncertainty' in note 2.c to the consolidated financial statements.

	Land and buildings	Equipment, fixtures and fittings	Total
	€000	€000	€000
Cost			
At 31 December 2023	**—**	**55**	**55**
Arising from acquisitions	103,606	3,039,263	3,142,869
Additions	2,834	226,396	229,230
Disposals	(4,050)	(116,397)	(120,447)
Assets held for sale	—	(112,100)	(112,100)
At 31 March 2025	**102,390**	**3,037,217**	**3,139,607**
Accumulated depreciation and impairment			
At 31 December 2023	**—**	**54**	**54**
Charge for the period	10,659	472,569	483,228
Disposals	(4,049)	(104,525)	(108,574)
Assets held for sale	—	(4,402)	(4,402)
At 31 March 2025	**6,610**	**363,696**	**370,306**
Net book value			
At 31 March 2025	**95,780**	**2,673,521**	**2,769,301**

Included in the net book value of equipment, fixtures and fittings are assets in the course of construction, which are not depreciated, with a cost of €113,334k (2023: nil). Also included in the book value of equipment, fixtures and fittings are assets leased out by the Group under operating leases, with a cost of €339,670k (2023: nil), accumulated depreciation of €278,103k (2023: nil) and net book value of €61,567k (2023: nil).

Right-of-use assets arising from the Group's lease arrangements are presented below:

	31 March 2025
	€000
Property, plant and equipment (owned assets)	2,769,301
Right-of-use assets	764,389
Total	**3,533,690**

Acquired Right-of-use assets amounted to €769,840k. Additions of €392,764k (2023: nil), disposals of €54,371k (2023: nil) and a depreciation charge of €343,844k (2023: nil) were recorded in respect of right-of-use assets.

12. Impairment Losses

Impairment occurs when the carrying value of assets is greater than the present value of the net cash flows they are expected to generate. We review the carrying value of assets at least annually. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash flows, in this case to a Vodafone Spain consolidated level, and these assets have been analysed for recoverability.

As at the Balance Sheet Date the Group held €906m of Goodwill which all related to the Vodafone Spain Group acquisition.

Key assumptions used in the value in use calculations
The key assumptions used in determining the value in use are:

Assumption	How determined
Projected EBITDAal	Projected adjusted EBITDAaL has been based on past experience, adjusted for Management´s expectations around the evolution of the telecommunications markets and future margin and revenue trends
Projected capex	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to maintain our networks, provide products and services in line with customer expectations, including of higher data volumes and speeds, and to meet the population coverage requirements of certain of the Group's licences. Capital expenditure includes cash outflows for the purchase of owned property, plant and equipment and computer software.
Long-term growth rates	For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five year forecast period and is based on the lower of: the nominal GDP growth rate forecasts; and the long-term compound annual growth rate in adjusted EBITDAaL as estimated by Management. Long-term compound annual growth rates determined by Management may be lower than forecast nominal GDP growth rates due to the following factors: competitive intensity levels, maturity of business, regulatory environment or sector-specific inflation expectations.
Post-tax discount rate	The assumptions used to develop discount rates for the cash-generating unit are benchmarked to externally available data: The risk-free rate is derived from an average yield of a ten-year bond issued by the government in each cash generating unit's respective country of operations; The forward-looking equity market risk premium (an investor's required rate of return over and above a risk free rate) is based on studies by independent economists, the long-term average equity market risk premium and the market risk premiums typically used by valuation practitioners; and The asset beta reflecting the systematic risk of the telecommunications segment relative to the market as a whole is determined from betas observed for comparable listed telecommunications companies.

Period ended 31 March 2025
The Group performs its annual impairment test for goodwill at 31 March and when there is an indicator of impairment of an asset. At each reporting period date, Management determine whether any internal or external sources of information observed are indicative that the carrying amount of any of the Group's cash generating units is not recoverable.

Value in use assumptions
The table below shows key assumptions[26] used in the value in use calculation:

	Assumptions used in value in use calculations
Post-tax discount rate	8.7%
Long-term growth rate	1.5%
Projected EBITDAaL margin	32-35%
Projected capital expenditure	19-20%

Sensitivity analysis
The estimated recoverable amounts of the Group's operations in Spain exceed their carrying values by €2.9b. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the Period ended 31 March 2025.

[26] Projected EBITDAaL and capital expenditure is expressed as the relevant metrics as a percentage of revenue in the initial five years of the plans used for impairment testing

	Change required for carrying value to equal recoverable amount
Post-tax discount rate	581ppt[27]
Long-term growth rate	516ppt
Projected adjusted av. EBITDAaL margin	726 - 910ppt
Projected av. capital expenditure	1,866-1,940ppt

Period ended 31 March 2025

No impairment was recognised during the Period to 31 March 2025. No significant changes to the business activities have taken place during the Period to warrant an impairment.

13. Investment In Associates

The Group holds an interest in an associate FiberPass in Spain. For further details see 'Critical accounting judgements and key sources of estimation uncertainty' and 'Material accounting policies' in note 2.c to the consolidated financial statements. The investment in this associate was acquired through non-cash contributions involving the transfer of certain property, plant and equipment and a strategic undertaking. The carrying amount of the investment at 31 March 2025 of €598,096k (2023: nil).

The exclusivity granted to Vodafone Spain will be recognised, via the unwind from Trade and Other Payables, through the P/L over the life of the Master Service Agreement (MSA).

As this agreement was entered into on 1 March, the movement to end of the Period (31 March 2025) was not material, however the policy will be finalised in the FY26.

The Group's associate has share capital consisting solely of ordinary shares and is directly held. The country of incorporation or registration is also the principal place of operation.

There is no change in the activity of the associate and as there is a long term contractual arrangement in place, which gives comfort over the provision of services, Management deems this arrangement to have not changed the risk profile.

The table below provides aggregated financial information for the Group's associate as it relates to the amounts recognised in the consolidated income statement and consolidated statement of financial position.

As at 31 March 2025, the carrying value of FiberPass was €598,096k (2023: nil).

		Percentage holding	
Name of associate	**Principal activity**	**15m ended 31 March 2025**	**12m ended 31 December 2023**
Fiberpass	Network operator	37%	0%

Summarised financial information for the Group's associate on a 100% ownership basis is set out below.

Income Statement	**1m to 31 March 2025 €000**
Revenue	12,039
Operating expenses	(3,440)
Depreciation and amortisation	(6,729)
Finance cost	(291)
Tax	(395)
Profit for the period	1,184

[27] Percentage points

Statement of financial position	As at 31 March 2025 €000
Non-current assets	1,613,592
Current assets	352,069
Cash	200,180
Total assets	2,165,841
Equity shareholders' funds	1,619,049
Current liabilities	542,590
Non-current liabilities	4,202
Total equity and liabilities	2,165,841

14. Financial Instruments

The following tables shows the carrying amounts and the fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities measured at amortised costs as their carrying amount is a reasonable approximation of fair value.

Financial instrument classification and fair values

	Fair value 2025 €000	Amortised cost 2025 €000	Fair value 2023 €000	Amortised cost 2023 €000
Trade receivables	86,957	—	—	—
Contract assets	—	61,126	—	—
Contract-related costs	—	5,883	—	—
Other receivables	—	39,445	—	5,071
Prepayments	—	45,077	—	—
Derivative financial assets	19,399	—	—	—
Total non-current financial assets	**106,356**	**151,531**	**—**	**5,071**
Trade receivables	92,731	238,050	—	—
Amounts owed by associated companies	—	101,010	—	—
Contract assets	—	170,917	—	—
Contract-related costs	—	12,550	—	—
Other receivables	—	155,417	—	1,186,717
Prepayments	—	169,838	—	2,831
Taxation recoverable	—	156	—	—
Derivative financial assets	9,534	—	—	—
Total current financial assets	**102,265**	**847,938**	**—**	**1,189,548**

	Fair value 2025 €000	Amortised cost 2025 €000	Fair value 2023 €000	Amortised cost 2023 €000
Other payables	—	129,753	—	—
Derivative financial liabilities	40,181	—	—	—
Accruals	—	1,471	—	—
Contract liabilities	—	505,020	—	—
Total non-current financial liabilities	**40,181**	**636,244**	**—**	**—**
Trade payables	—	878,819	—	1,168
Other taxes and social security payable	—	166,058	—	—
Other payables	—	258,779	—	—
Derivative financial liabilities	1,074	—	—	—
Accruals	—	238,209	—	16,432
Contract liabilities	—	92,617	—	—
Total current financial liabilities	**1,074**	**1,634,482**	**—**	**17,600**

15. Trade And Other Receivables

Trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to our suppliers in advance. Derivative financial instruments with a positive market value are reported within this note as are contract assets, which represent an asset for accrued revenue in respect of goods or services delivered to customers for which a trade receivable does not yet exist, and finance lease receivables recognised where the Group acts as a lessor. See note 24 'Leases' for more information on the Group's leasing activities.

	As at 31 March 2025 €000	As at 31 December 2023 €000
Included within non-current assets		
Trade receivables held at fair value through other comprehensive income	86,957	—
Contract assets	61,126	—
Contract-related costs	5,883	—
Other receivables	39,445	5,071
Prepayments	45,077	—
Derivative financial assets	19,399	—
	257,887	**5,071**
Included within current assets		
Trade receivables	238,050	—
Trade receivables held at fair value through other comprehensive income	92,731	—
Amounts owed by associated companies	101,010	—
Contract assets	170,917	—
Contract-related costs	12,550	—
Other receivables	155,417	1,186,717
Prepayments	169,838	2,831
Taxation recoverable	156	—
Derivative financial assets	9,534	—
	950,203	**1,189,548**

The Group's trade receivables and contract assets are classified at amortised cost unless stated otherwise and are measured after allowances for future expected credit losses, see note 25 'Capital and financial risk management' for more information on credit risk.

The carrying amounts of trade and other receivables, which are measured at amortised cost, approximate their fair value and are predominantly non-interest bearing.

The Group's contract-related costs comprise €18,429k (2023: nil) relating to costs incurred to fulfil customer contracts and an amortisation and impairment expense of €13,542k (2023: nil) was recognised in operating profit during the Period.

Total trade and other receivables for the Group at 31 March 2025 include current prepayments of €36,890k (31 December 2023: nil) and non-current prepayments of €38,502k (31 December 2023: nil), relating to amounts prepaid to Vodafone Group plc for continuing services, and which are not financial assets.

During the Period trade receivables increased from nil as at 31 December 2023 to €418m as at 31 March 2025 driven by the acquisition of Vodafone Spain.

In the Period Other receivables reduced from €1,192m as at 31 December 2023 to €195m as at 31 March 2025. As at 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. As at 31 March 2025, non-current Other receivables related predominantly to recoverable sales tax due to Vodafone plc in relation to invoices issued prior to the acquisition by Zegona (€25m), and deposits paid (€9m). Current Other receivables related predominantly to Business Activity Tax receivable (€91m), recoverable sales tax (€15m) and deposits paid (€29m).

16. Trade And Other Payables

Trade and other payables mainly consist of amounts owed to suppliers that have been invoiced or are accrued and contract liabilities relating to consideration received from customers in advance. They also include taxes and social security amounts due in relation to the Group's role as an employer.

	As at 31 March 2025 €000	As at 31 December 2023 €000
Included within non-current liabilities		
Other payables	129,753	—
Derivative financial liabilities	40,181	—
Accruals	1,471	—
Contract liabilities	505,020	—
	676,425	**—**
Included within current liabilities		
Trade payables	878,819	1,168
Other taxes and social security payable	166,058	—
Other payables	258,779	—
Derivative financial liabilities	1,074	—
Accruals	238,209	16,432
Contract liabilities	92,617	—
	1,635,556	**17,600**

Notes:

1 Items are measured at fair value and the valuation basis is level 2 classification, which comprises items where fair value is determined from inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

The carrying amounts of trade and other payables approximate their fair value.

17. Provisions

A provision is a liability recorded in the Consolidated statement of financial position, where there is uncertainty over the timing or amount that will be paid, and is therefore often estimated. The main provisions at 31 March 2025 relate to asset retirement obligations, which include the cost of returning network infrastructure sites to their original condition at the end of the lease and claims for legal and regulatory matters.

	Asset retirement €000	Legal / regulatory €000	Restructuring €000	Other €000	Total €000
At 31 December 2023	—	—	—	—	—
Arising from acquisition	61,457	43,543	39,935	35,256	**180,191**
Amounts charged to Income Statement	1,241	14,970	145,254	—	**161,465**
Utilised in period	(3,765)	(5,928)	(102,813)	(29,716)	**(142,222)**
Released to Income Statement	565	(12,300)	(1,127)	(21,426)	**(34,288)**
Other movements	698	139,547	—	84,195	**224,440**
At 31 March 2025	**60,196**	**179,832**	**81,249**	**68,309**	**389,586**

Current / non-current	**Asset retirement**	**Legal / regulatory**	**Restructuring**	**Other**	**Total**
Current liabilities	1,904	127,944	64,617	19,063	**213,528**
Non-current liabilities	58,292	51,888	16,632	49,246	**176,058**
At 31 March 2025	60,196	179,832	81,249	68,309	**389,586**

Restructuring

In July 2024 the Group confirmed a restructuring plan which formed part of the stated operational transformation plan. The cost incurred in the Period to 31 March 2025 was €102,813k. A provision of €32,056k has been recorded in relation to remaining costs and closure of stores.

Legal/regulatory

Included within other movements is €126,446k relating to the costs associated with Spectrum.

Other

Included within other is €84,195k relating to movements in provisions arising during the course of operational activities.

18. Share Capital

Allotted, called up and fully paid

	2025 Number	31 March 2025 €000	2023 Number	31 December 2023 €000
At 1 January	704,149,410	8,312	6,172,424	311
Shares issued	55,060,495	659	697,976,986	8,001
At period end	**759,209,905**	**8,971**	**704,149,410**	**8,312**

The nominal value of the total ordinary shares is £0.01 and the total allotted, called up and fully paid equates to €7,592,010 (2023: €7,041,494).

All ordinary shares confer identical rights including in respect of capital, dividends and voting. Save for those required by applicable law, there are no restrictions on the distribution of dividends or the repayment of capital by Zegona.

19. 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.

Reduction of Share premium

Following the approval at the Company's AGM on the 28 June 2024, the Company made an application to the High Court, together with a lodgement of the Company's statement of capital with the Registrar of Companies, and the Company was permitted to reduce the capital of the Company by an amount of £160m. This was affected on the 1 August 2024 by a transfer of that amount from the share premium account to other reserves – capital redemption, which forms part of the distributable reserves of the Company.

20. Dividends

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

21. Borrowings

The Group's sources of borrowing for funding and liquidity purposes arise from committed bank facilities and through short-term and long-term issuances in the capital markets including bond issuances and bank loans. Liabilities arising from the Group's lease arrangements are also reported in borrowings; see note 24 'Leases'. We manage the basis on which we incur interest on debt between fixed interest rates and floating interest rates depending on market conditions using interest rate derivatives. The Group enters into foreign exchange contracts to mitigate the impact of exchange rate movements on certain monetary items.

As at 31 December 2023 the Group had committed undrawn financing of €4,700m, comprising the Corporate Bridge Loan of €3,400m, a Term Loan Facility ("TLA") facility of €500m and Revolving Credit Facility ("RCF") of €500m. In order to fund the acquisition, as at closing €3,400m of the Corporate Bridge Loan and the €500m of the TLA were drawn down.

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 Senior Secured Notes due 2029;
- USD $900m Senior Secured Notes due 2029;
- €920m 5 year term loan facility B ("TLB Euro"); and
- USD $400m 5 year term loan facility ("TLB USD").

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 TLA Facility of €500m was unchanged.

The Group performed an assessment as to whether the restructuring of the Original Bridge Loan into the Refinancing represented a substantial modification. As the change to the net present value of the cash flows was deemed substantial the carrying value of the Original Bridge Loan was de-recognised and the Refinancing, with a nominal value equivalent to its fair value, was recognised on the balance sheet at the date of modification. A loss on extinguishment of €72m was recorded within Finance Costs.

Term Loan A Facility

This facility amounts to €500m and will mature on 31 May 2029. The TLA Facility will be subject to semi-annual amortisation payments, after an initial payment holiday: there are no repayments required in FY25 nor FY26; 12.5% in FY27, 25% in FY28, 37.5% FY29 and the remainder in FY30. The applicable interest, paid quarterly in arrears, is EURIBOR plus 425 bps, subject to a margin ratchet.

Post period-end a successful repricing was achieved, see Post Balance Sheet Events Note 34.

Revolving Credit Facility

A RCF of €500m was entered into on 31 October 2023 with a final maturity date is 31 May 2029. There are no amortisation payments associated with the facility. In the Period the applicable interest was EURIBOR plus 325 bps, subject to a margin ratchet. At the end of the Period the RCF was undrawn.

Post period-end a successful repricing was achieved, see Post Balance Sheet Events Note 34.

Senior Secured Notes

The Group has two Secured Notes used for mid to long term funding. These are Euro notes, €1,300m at 6.750%, due 2029 and USD notes, €900m at 8.625%, due 2029. Prior to 15 July 2026, the Group is entitled, at its option, to redeem all or a portion of the Secured Notes by paying a "make-whole" premium. At any time on or after 15 July 2026, the Group may redeem all or part of the Secured Notes at predefined redemption prices. These bonds are listed on the Luxembourg stock exchange. Management expect to maintain the Secured Notes for the full period, which is reflected in the related accounting treatment.

Term Loan B Facility

As part of the Refinancing, the Group entered into two Term Loan B facilities: TLB Euro (€920m) and TLB USD ($400m), due 2029. The applicable interest was EURIBOR plus 425 bps for the TLB Euro facility and SOFR plus 425 bps for the TLB USD facility. These facilities were repriced and consolidated in March 2025.

Repricing

On 5 March 2025, we successfully completed the repricing of our €920m TLB Euro facility (due 2029) and increased this facility by €370m to a total of €1,290m (the "Repricing"). The Repricing reduced our interest rate margin under the facility by 125 basis points, from 425 bps to 300 bps The upsizing allowed for the repayment of the TLB USD of $400m (€370m) on 6 March 2025.

As at 31 March 2025 the Secured Notes, TLA and TLB Euro remained fully drawn, with an additional undrawn €500m Revolving Credit Facility, entered into as part of the original financing. The loans are secured with charges over Zegona Finance plc, Zegona Holdco Limited, Zegona Midco Limited and Zegona Bidco SLU,

In relation to the drawn debt, there is a leverage covenant relating to the ratio between indebtedness and EBITDAaL (referenced as EBITDA in the loan documents), which has been tested to show the Group was not in breach during the Period nor at period end. This covenant is required to be tested at September (half year) and March full year and is reported upon quarterly. The ratio decreases from the end of FY27.

Financing costs mainly arise from interest due on bonds and term loans issued, and the results of hedging transactions used to manage foreign exchange and interest rate movements.

	As at 31 March 2025 €000	As at 31 December 2023 €000
Non-current borrowings		
4-year secured notes USD	831,332	—
4-year secured notes EUR	1,300,000	—
Term loan A	500,000	—
Term loan B	1,290,000	—
	3,921,332	
Less: capitalised loan fees	(12,453)	—
Foreign exchange movements	9,241	—
Borrowings	**3,918,120**	**—**

All borrowings are non-current. As noted in the table above, there are €12,453k of capitalised loan transaction costs, €3,400k are current and the remainder are non current.

The fair value of the Group's financial liabilities held at amortised cost approximate to fair value.

22. Reconciliation Of Net Cash Flow From Operating Activities

	Notes	For the 15 months ended 31 March 2025 €000	For the 12 months ended 31 December 2023 €000
Cash flows from operating activities			
Loss for the period		**(438,805)**	**(15,551)**
Reconciliation of loss for the period to operating cash flows:			
Tax credit		(11,153)	—
Depreciation and amortisation		1,099,088	14
Share-based payment expense		90,291	91
Finance income		(16,273)	(5,683)
Finance costs		380,681	7,851
Movements in derivatives	15,16	3,872	—
Movement in ECL	25	81,285	—
Working capital adjustments			
Decrease/(increase) in trade and other receivables		(29,428)	(395)
Increase in trade and other payables		267,918	9,744
(Increase) in inventories		(6,074)	—
Net cash inflow/(outflow) from operating activities		**1,421,402**	**(3,929)**

23. Cash And Cash Equivalents

	31 March 2025	31 December 2023
	€000	€000
Cash and bank deposits	207,989	4,648
	207,989	**4,648**

24. Leases

The Group leases assets from other parties (the Group is a lessee) and also leases assets to other parties (the Group is a lessor). For further details see 'Critical accounting judgements and key sources of estimation uncertainty' and 'Material accounting policies' in note 2.a 'Basis of preparation' to the consolidated financial statements.

The Group's leasing activities as a lessee

The Group leases buildings for its retail stores, offices and data centres, land on which to construct mobile base stations, space on mobile base stations to place active RAN equipment and network space (primarily rack space or duct space). In addition, the Group leases fibre and other fixed connectivity to provide internal connectivity for the Group's operations and on a wholesale basis from other operators to provide fixed connectivity services to the Group's customers.

Most of the Group's leases include future price increases through fixed percentage increases, indexation to inflation measures on a periodic basis or rent review clauses. Other than fixed percentage increases the lease liability does not reflect the impact of these future increases unless the measurement date has passed. The Group's leases contain no material variable payments clauses other than those related to the number of operators sharing space on third party mobile base stations.

Optional lease periods

Where practicable the Group seeks to include extension or break options in leases to provide operational flexibility, therefore many of the Group's lease contracts contain optional periods. The Group's policy on assessing and reassessing whether it is reasonably certain that the optional period will be included in the lease term is described in note 2.a 'Basis of preparation' under 'Critical accounting judgements and key sources of estimation uncertainty'.

After initial recognition of a lease, the Group only reassesses the lease term when there is a significant event or a significant change in circumstances, which was not anticipated at the time of the previous assessment. Significant events or significant changes in circumstances could include merger and acquisition or similar activity, significant expenditure on the leased asset not anticipated in the previous assessment, or detailed management plans indicating a different conclusion on optional periods to the previous assessment. Where a significant event or significant change in circumstances does not occur, the lease term and therefore lease liability and right-of-use asset value, will decline over time.

The Group's cash outflow for leases in the Period ended 31 March 2025 was €491m (2023: nil) and absent significant future changes in the volume of the Group's activities or other strategic or structural changes to the Group resulting in the use of more or fewer owned assets, this level of cash outflow from leases would be expected to continue for future periods, subject to contractual price increases.

The future cash outflows included within lease liabilities are shown in the maturity analysis below. The maturity analysis only includes the reasonably certain payments to be made; cash outflows in these future periods will likely exceed these amounts as payments will be made on optional periods not considered reasonably certain at present and on new leases entered into in future periods.

The Group's leases for customer connectivity are normally either under-regulated access or network sharing or similar preferential access arrangements and as a result the Group normally has significant flexibility over the term it can lease such connections for; generally the notice period required to cancel the lease is less than the notice period included in the service contract with the end customer. As a result, the Group does not have any significant cash exposure to optional periods on customer connectivity as the Group can cancel the lease when the service agreement ends. In some circumstances the Group is committed to minimum spend amounts for connectivity leases, which are included within reported lease liabilities.

Amounts recognised in the primary financial statements in relation to lessee transactions

Right-of-use assets

The carrying value of the Group's right-of-use assets, depreciation charge for the Period and additions during the Period are disclosed in note 11 'Property, plant and equipment'.

Lease liabilities

The maturity profile of the Group's lease liabilities is as follows:

	31 March 2025 €000
Within one year	379,091
In more than one year but less than two years	216,772
In more than two years but less than three years	185,122
In more than three years but less than four years	134,798
In more than four years but less than five years	55,114
In more than five years	125,136
	1,096,033
Effect of discounting	(90,780)
Lease liabilities	**1,005,253**

Interest expense on lease liabilities for the Period is disclosed in Note 5 'Net financing costs'.

The Group has no material liabilities under residual value guarantees and makes no material variable payments not included in the lease liability. The Group does not apply either the short-term or low-value expedient options in IFRS 16.

The Group's leasing activities as a lessor

The Group has a wide range of lessor activities with consumer and enterprise customers, other telecommunications companies and other companies. With consumer and enterprise customers, the Group generates lease income from the provision of handsets, routers and other communications equipment. The Group provides wholesale access to the Group's fibre and cable networks and leases out space on the Group's owned mobile base stations to other telecommunications companies.

Lessor transactions are classified as operating or finance leases based on whether the lease transfers substantially all of the risks and rewards incidental to ownership of the asset. Leases are individually assessed, but generally, the Group's lessor transactions are classified as:

- Operating leases where the Group provides routers or similar equipment to fixed customers; and
- Operating leases where the Group is lessor of space on owned mobile base stations, provides wholesale access to its fibre and cable networks or provides space in their offices.

The Group's income as a lessor in the Period is as follows:

	31 March 2025 €000
Operating leases	
Lease revenue	37,691
Income from leases not recognised as revenue	1,898

The committed amounts to be received from the Group's operating leases are as follows:

	Maturity						
	Within one year	In one to two years	In two to three years	In three to four years	In four to five years	In more than five years	Total
	€000	€000	€000	€000	€000	€000	€000
31 March 2025							
Committed operating lease payments due to the Group as a lessor	1,829	1,448	1,166	491	104	162	5,200

The Group has no material lease income arising from variable lease payments.

25. Capital And Financial Risk Management

This note details the treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks. The Group's policy is to borrow centrally using long-term capital market issues and borrowing facilities to meet anticipated funding requirements. These borrowings, together with cash generated from operations, are loaned internally or contributed as equity to certain subsidiaries.

Trade 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 instalments 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. When the Group establishes a practice of selling portfolios of receivables from time to time these portfolios are recorded at fair value through other comprehensive income; all other trade receivables are recorded at amortised cost.

Working capital

The Group has entered into working capital agreements related to the concession for the private use of radio spectrum granted in the year ended 31 March 2019. Total amount of €139.4m as of 31 March 2025 (31 December 2023: nil) which has been agreed at a fixed rate.

Financial risk management

The Group's activities expose it to various financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. The Group's Financial risk management policies seek to reduce the Group's exposure to any future disruption to financial markets, including any future impacts from global economic and political uncertainty and other macroeconomic events.

The Group has policies in place to control the exposure to market, credit and liquidity risks.

Exchange rate risk

As at 31 March 2025, after hedging, the majority of the Group's borrowings are held on a fixed interest basis, mitigating exposure to interest rate risk. The Group has no significant currency exposures other than positions in economic hedging relationships. The Group's credit risk under financing activities is spread across a portfolio of highly rated institutions to reduce counterparty exposures.

Interest rate risk

The Group's interest rate risk arises from the borrowed funds. Borrowings issued at floating rates expose the Group to interest rate risks. Management of cash flow interest rate risk is centralised in the Group and monitored weekly.

As of 31 March 2025, the Group's exposure to cash flow interest rate risk is mainly due to the floating rate element of the term loans amounting to €1,420m (31 December 2023: nil) which accrues a Euribor-indexed floating interest rate plus a margin.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's loss before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/(decrease) in basis points	Impact on results
Term Loan A	50/(50)	2.5m/(2.5m)
Term Loan B	50/(50)	4.6m/(4.6m)

Cash flow risk

As Vodafone Spain is a cash generative business the main cash flow risk is derived from the servicing of the Group's loan facilities. See liquidity risk later in this note.

Price Risk

The Group is exposed to some price risk, primarily related to consumption of energy. Changes in the market prices could impact the Group's financial performance and position. The Group has entered into long term, fixed rate agreement to mitigate this risk.

Credit risk

The Group's main financial assets are balances of cash and cash equivalents, trade and other accounts receivable, which represent the Group's greatest exposure to credit risk in relation to financial assets. Most of its customers are individuals and retail businesses, although it also has corporations and other operators as customers.

The credit risk arises because the Group might not recover the carrying amount of the financial assets or recover them on time. Management believes that the carrying amount of the accounts receivable and other receivables is approximately the same as their fair value.

The amounts shown on the balance sheet are net of allowances for uncollectible amounts. It is the Group's policy to regularly and systematically assess the risk of insolvency of its customers' receivables in order to record the appropriate provisions in the statement of comprehensive income and assess the appropriateness of correcting the level of credit allowed to customers (in this regard, the Group has in place restrictive credit scoring procedures prior to the opening of new accounts).

With respect to the credit risk arising from cash and cash equivalents, the Group only engages with reputable financial institutions that have a high credit rating.

Expected credit loss

The Group has financial assets classified and measured at amortised cost and fair value through other comprehensive income that are subject to the expected credit loss model requirements of IFRS 9. Cash and bank deposits and certain other investments are both classified and measured at amortised cost and subject to impairment requirements.

Operating activities

Customer credit risk is managed by the Group's business units which each have policies, procedures and controls relating to customer credit risk management. Outstanding trade receivables and contract assets are regularly reviewed to monitor any changes in credit risk with concentrations of credit risk considered to be limited given that the Group's customer base is large and unrelated. The Group applies the simplified approach and records lifetime expected credit losses for trade receivables and contract assets. Expected credit losses are measured using historical cash collection data for periods of at least 24 months wherever possible and grouped into various customer segments based on product or customer type. The historical loss rates are adjusted where macroeconomic factors, for example changes in interest rates or unemployment rates, or other commercial factors are expected to have a significant impact when determining future expected credit loss rates. For trade receivables the expected credit loss provision is calculated using a provision matrix, in which the provision increases as balances age, and for receivables paid in instalments and contract assets a weighted loss rate is calculated to reflect the period over which the amounts become due for payment by the customer. Trade receivables and contract assets are written off when each business unit determines there to be no reasonable expectation of recovery and enforcement activity has ceased.

Expected credit losses are presented as net credit losses on financial assets within operating profit and subsequent recoveries of amounts previously written off are credited against the same line item.

The majority of the Group's trade receivables are due for maturity within 90 days and largely comprise amounts receivable from consumers and business customers. The table below presents information on trade receivables past due and their associated expected credit losses:

	As at 31 March 2025 €000
Gross carrying amount	429,776
Expected credit loss allowance	(191,726)
Net carrying amount	**238,050**

ECL cost in the period was €81m (2023: nil).

Liquidity risk

Liquidity is reviewed periodically on a 12 month rolling basis and stress tested on the assumption that any secured loan note or Term Loan outstanding matures and is not reissued. The Group maintains substantial cash and cash equivalents which at 31 March 2025 amounted to cash €208m and undrawn committed revolving credit facilities of €500m (2023: €500m). Given the long timeline on the current borrowings, the Group reviews long-term liquidity risk periodically and Management is already working on plans for this.

The maturity profile of the anticipated future cash flows is as follows:

Maturity profile	Term Loans €000	Secured Notes €000	Lease Liabilities €000	Other €000	Trade payables €000	Total €000
<1 year	—	—	379,091	11,042	878,819	1,268,952
1>2 years	—	—	216,772	9,381	—	226,153
2>3 years	62,500	—	185,122	9,602	—	257,224
3>4 years	125,000	—	134,798	9,827	—	269,625
4>5 years	312,500	2,131,332	55,114	10,058	—	2,509,004
>5 years	3,421,332	—	125,136	89,459	—	3,635,927
31 March 2025	**3,921,332**	**2,131,332**	**1,096,033**	**139,369**	**878,819**	**8,166,885**

Notes:

1 Maturities reflect contractual cash flows applicable except in the event of a default, upon which lenders have the right, but not the obligation, to request repayment. This also applies to undrawn committed facilities

2 Includes financial liabilities under put option arrangements and non-derivative financial liabilities presented within trade and other payables.

The Group entered into hedging arrangements as part of the Refinancing in July 2024. In the prior period there were no derivatives so the comparative has not been shown.

The maturity profile of the Group's financial derivatives (which include interest rate swaps and cross-currency swaps) using undiscounted cash flows, is as follows:

As at 31 March 2025	Payable €000	Receivable €000	Total €000
<1 year	(71,651)	76,890	5,239
4>5 years	(179,057)	182,706	3,649
Total	**(250,708)**	**259,596**	**8,888**

Note:

1 Payables and receivables are stated separately in the table above where cash settlement is on a gross basis.

Market risk

Interest rate management

Under the Group's interest rate management policy, interest rates on long-term monetary assets and liabilities are principally maintained on a fixed rate basis. As at 31 March 2025, after hedging, the majority of the Group's outstanding liabilities are held on a fixed interest rate basis in accordance with Group policy.

For each one hundred basis point rise in market interest rates for all currencies in which the Group had borrowings at 31 March 2025 there would be an decrease in profit before tax by €14.2m (2023: nil) including mark to market revaluations of interest rate and other derivatives. There would be no impact on equity.

At 31 March 2025, the Group had limited exposure through interest rate derivatives and floating rate bonds referencing EURIBOR.

Foreign exchange management

As Zegona Communication Plc is listed on the London Stock Exchange its share price is quoted in sterling. Since the sterling share price represents the value of its future Euro cash flows, the Group maintains the currency of debt and interest charges in the same currency. At 31 March 2025 21% of debt was denominated in currencies other than euro (all USD). The principal and interest payments have been fully hedged into Euro to align with the future cash flows.

Risk management strategy of hedge relationships

The risk strategies of the designated cash flow hedges reflect the above market risk strategies. The objective of the cash flow hedges was principally to convert foreign currency denominated floating rate borrowings in US dollar into euro fixed rate borrowings and hedge the foreign exchange spot rate and interest rate risk. Following the Repricing in March 2025, the Group no longer holds floating rate borrowings in US dollar hence the trades were de-designated and re-designated as interest rate swaps only to hedge against the floating rate EURIBOR to which the EUR denominated borrowings are linked. The resulting impact on the P&L was €8,102k. Derivative financial instruments designated in cash flow hedges are cross-currency and interest rate swaps. Given all USD denominated borrowings are fully hedged and these hedges are deemed highly effective, movements in foreign exchange rates should not materially impact the Group's results.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. For hedges of foreign currency and floating rate denominated borrowings, the Group uses cross-currency swaps to hedge its exposure to foreign exchange risk and interest rate risk and enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item. Therefore, the Group expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in the opposite direction in response to movements in the underlying exchange rates and interest rates. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

a. The fair value of the hedging instrument on the hedge relationship designation date if the fair value is not nil;

b. Changes in the contractual terms or timing of the payments on the hedged item; and

c. A change in the credit risk of the Group or the counterparty with the hedging instrument.

The hedge ratio for each designation will be established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for all of the Group's existing hedge relationships the hedge ratio has been determined as 1:1.

For the Period ended 31 March 2025 all hedges were fully effective (2023: n/a). As a result movements in the derivative mark to market value were recorded in OCI with no ineffectiveness recognised in the Consolidated Income Statement (2023: nil).

				Other comprehensive income				
31 March 2025	**Nominal amounts**	**Carrying value assets[28]**	**Carrying value liabilities[29]**	**Opening balance**	**Gain / (Loss)**	**Closing balance**	**Maturity**	**FX rate**
Cross currency & interest rate swaps	**000**	**€000**	**€000**	**15 July 2024 €000**	**Deferred to OCI €000**	**€000**		
USD secured notes	$ 900,000	28,664	(35,296)	—	(9,477)	(9,477)	2029	0.9244
EUR floating rate term loan	€ 367,940	—	(5,690)	—	1,027	1,027	2029	n/a
Total		**28,664**	**(40,986)**	**—**	**(8,450)**	**(8,450)**		

[28] Included within Trade and Other Receivables. Refer to note 15.
[29] Included within Trade and Other Payables. Refer to note 16.

Fair value and carrying value information

The carrying value and valuation basis of the Group's financial assets are set out in notes 15 'Trade and other receivables' and 23 'Cash and cash equivalents'. For all financial assets held at amortised cost the carrying values approximate fair value.

The carrying value and valuation basis of the Group's financial liabilities are set out in notes 16 'Trade and other payables' and 21 'Borrowings'. The carrying values approximate fair value for the Group's trade payables and other payables categories. For other financial liabilities a comparison of fair value and carrying value is disclosed in note 21 'Borrowings'.

26. Directors' And Key Management Compensation

Directors

The Board considers the Executive Directors and Non-Executive Directors of the Company to be the key personnel of the Group. The aggregate emoluments of the Company's Directors were as follows:

	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Salaries and fees	2,698	—
Incentive schemes	231,782	1,670
Total	**234,480**	**1,670**

Key Management

Aggregate compensation for key Management, being the Directors and members of the Executive Committee, was as follows:

	15m ended 31 March 2025 €000	12m ended 31 December 2023 €000
Salaries and fees	3,920	1,975
Incentive schemes	261,148	—
Total	**265,068**	**1,975**

27. Employees

This note shows the average number of people employed by the Group under contracts of service during the Period and in which areas of our business our employees work. It also shows total employment costs.

	15m ended 31 March 2025 Employees	12m ended 31 December 2023 Employees
By activity		
Executives	66	3
Middle management	369	—
Other line and departmental support personnel	2,286	1
Total	**2,721**	**4**
The cost incurred in respect of these employees (including Directors) was:		
	€000	€000
Wages and salaries	118,480	2,717
Social security costs	36,793	377
Other pension costs	4,006	270
Restructuring costs	123,680	—
Total	**282,959**	**3,364**

28. Post Employment Benefits

The Group operates defined contribution pension schemes for its UK-based employees and for its Spanish-based employees. Under these plans, the company contributes a fixed percentage of each employee's salary to individual pension accounts or pays cash in lieu of such arrangements. For the Period ended 31 March 2025, the total expense recognised for defined contributions amounted to €4.0m.

These plans are structured as fully funded, and contributions are made directly to the pension funds. There are no obligations for the company to pay beyond the contributions. Contributions are recognized as an expense incurred during the period in which the employee provides services.

29. Long Term Incentive Plans

Zegona Management Incentive Plan

Incentive scheme arrangements were put in place at Zegona's inception in 2015 to create incentives for Zegona's management team who have been issued Class A Ordinary Shares in the Company's subsidiary, Zegona Limited ("Management Shares").

The holders of the Management Shares are entitled to 15% of the growth in value of the Company during a series of separate Calculation Periods (three of which have already taken place), provided that ordinary shareholders achieve a 5% per annum Preferred Return[30] in each Calculation Period.

Holders have the right to end each Calculation Period by exercising their Management Shares at any time between the third and fifth anniversaries of the beginning of the Calculation Period, although a Calculation Period may also end upon certain specified events such as a winding up, a takeover, a Board change of control of Zegona, or if Zegona sells all or substantially all of its assets and distributes the net proceeds to shareholders.

When a Calculation Period ends, a new Calculation Period automatically begins with the remaining shares retaining the entitlement to 15% of the growth in value of the Company for the next Calculation Period.

[30] The Preferred Return is a 5% per annum return on a compounded basis on the higher of the Market Capitalisation of Zegona, defined as 30-day Volume Weighted Average Price, at the start of the Calculation Period and shareholders' net investment.

At 31 March 2025, 5,155 Management Shares in Zegona Limited remain allotted, issued and fully paid as shown in the table below:

	Participation in growth in value	Number of Management shares
Eamonn O'Hare	8.88 %	3,050
Robert Samuelson	4.44 %	1,525
Zegona Senior Mgmt.	1.69 %	580
		5,155

At the beginning of the Period there were 515,464 Management Shares in Zegona Limited. In the Period the only change in this was the redemption of 99% of these shares, to leave 5,155 shares outstanding as at 31 March 2025.

The Third Calculation Period

The Third Calculation Period automatically began on 14 October 2021, with the Baseline Value Per Share for the new Calculation Period being £1.51 per share, which was equal to volume weighted average mid-market price of Zegona shares for the previous 30 trading days. During the Third Calculation Period, the Management Shares were permitted to be redeemed between 14 October 2024 and14 October 2026. The renewal of the scheme was subject to a shareholder vote at Zegona's 2022 AGM, which passed.

On 15 October 2024, the Management Shares were exercised. On the recommendation of Zegona's Remuneration Committee, and, in part, to facilitate the payment of tax by management on the exercise of the Management Shares and prevent disposals of the Company's ordinary shares being required to pay tax, Zegona Limited's board of directors determined that Zegona Limited would redeem 10% of the exercised Management Shares for cash and exchange the remaining 90% for new ordinary shares in the Company, in accordance with the articles of association of Zegona Limited. Accordingly, 51,030.91 Management Shares were redeemed for €26.2m in cash and 459,278.34 Management Shares were exchanged for 55,060,495 new ordinary shares in the Company via a charge to retained earnings amounting to €236m. The Ordinary Shares were not exchanged for cash.

The Articles of Association prescribe the calculation steps to value the Management A Shares. Once the hurdle has been met, the value is calculated and at a Group Level the charge recognized against Retained Earnings (as this is a transaction within equity). The 10% cash settlement during the Period was deemed to be a modification of the original grant and therefore recognised as a share based cost in the profit and loss.

The Fourth Calculation Period

The Fourth Calculation Period automatically began on the date of the redemption notice for the third calculation period; 15 October 2024, with the Baseline Value Per Share for the new Calculation Period being £3.57135 per share, which was equal to volume weighted average mid-market price of Zegona shares for the previous 30 trading days. During the Fourth Calculation Period, the Management Shares are permitted to be redeemed between 15 October 2027 and 15 October 2029. The renewal of the scheme rights is subject to a vote by Zegona's shareholders at the next AGM. A provision in the Period, totalling €62.8m, has been made for the revised Fair Value of the shares for the 4th Calculation Period based on a Monte Carlo valuation[31], produced as at the Balance Sheet Date. This cost for this provision was incurred in the Period (see note 4).

As has occurred with previous calculation periods, this valuation will be updated when the scheme is formally approved in the AGM.

The key assumptions are listed below:

Assumption	
Volatility	22.0 %
Risk free rate	4.1 %

Zegona Employee Incentive Plan

In order to ensure that key employees have been incentivised appropriately, a new scheme was entered into during the Period, for selected employees, that aligns the incentive payable to the Share Price growth of the Company. These incentives can be redeemed by the employees between 3-5 years after the award is made. As these will be cash settled, a cost of €1.4m was incurred in the Period (see Note 4) and a liability was created on the employing entity's Balance Sheet for the same amount, as at the end of the Period, included within non-current other payables. A Monte Carlo model has been prepared as at the Balance Sheet date, to value the expected liability and they key assumptions (which differ slightly for different awards) are listed below:

31 Volatility has been derived from consideration of the volatility of comparable listed entities operating in the European telecoms sector, adjusted for gearing. As the overall target is measured on creation of shareholder value, dividends do not impact the calculation so are ignored.

Assumptions:	
Term	4 years
Volatility	22 %
Risk free rate	4.05% - 4.09%

Vodafone Incentive Plan

In order to retain and motivate the senior executive team and key employees of Vodafone Spain, an incentive plan has been provided that aligns with the key performance indicators of the Group over a 4 year period. This plan was approved by the Zegona Board.

At the Balance Sheet date the Management team undertook a weighted probability analysis of the likelihood of payment of these incentives and recorded a liability for the expected future payments.

30. Related Party Transactions

In the opinion of the Directors, there is no one single controlling party for the year ended 31 December 2023 and the Period to 31 March 2025. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party, or the parties are under common control or influence, in making financial or operational decisions.

During FY23, EJLSHM Funding Limited subscribed for 523,240,603 new ordinary shares in Zegona. The consideration for the subscription for ordinary shares by EJLSHM Funding Limited was satisfied by the issue of a €900m promissory note. It does not bear interest, and was initially recognised at fair value. The promissory note was satisfied upon completion of the acquisition of Vodafone Spain.

EJLSHM Funding Limited has irrevocably agreed with Zegona not to exercise its voting rights (other than in connection with a takeover) and there are further restrictions around future sales by EJLSHM Funding Limited of Zegona's shares. EJLSHM Funding Limited does not have the ability to control or exercise significant influence over Zegona, and does not meet the definition of a related party under the requirements of IAS 24.

Transactions with key management personnel

The Board considers the Executive Directors and Non-Executive Directors of the Company to be the key management personnel. Details of the amounts paid to key management personnel are detailed in the Directors' Remuneration Report starting on page 55.

31. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to agreements to buy assets such as mobile devices, network infrastructure and IT systems and leases that have not commenced. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

Capital commitments

	31 March 2025 €000	**31 December 2023 €000**
Contracts placed for future capital expenditure	138,781	—

Guarantees in the ordinary course of business

In the normal course of business, the Group provides guarantees to counterparties in connection with operational arrangement that they enter into with Public Bodies and other entities. As at the Period end such guarantees amounted to €50m (2023: nil).

32. Change In Functional Currency

Up until 31 May 2024, the functional currency of the Group was GBP. The presentational currency of the Group 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 Group changed from GBP 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 Group's British Pound balance sheet to Euros. The change in functional currency is prospectively applied with no financial impact at the implementation date.

33. Investment In Subsidiaries

The 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 Co II 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, S.A.U.	Trading company	Spain	–	100%	4
Vodafone Ono, S.A.U.	Trading company	Spain	–	100%	4
Vodafone Servicios, S.L.U.	Trading company	Spain	–	100%	4
Valley Fijo, S.L. (formerly Vodafone Energia, S.L.U.)	Trading company	Spain	–	100%	4
VTOR America, S.A.	Financing company	Spain	–	100%	4
VPlat España SL	Trading company	Spain	–	100%	4
VSales España SL	Trading company	Spain	–	100%	4

The registered office addresses of the subsidiaries are: 1) 47 Esplanade, St Helier, Jersey, JE1 0BD, United Kingdom, 2) 8 Sackville St, Mayfair, London, W1S 3DG, United Kingdom, 3) 251 Little Falls Drive, Wilmington, 19808, United States 4) Avenida de América, 115, 28042 Madrid, Spain.

The following UK subsidiaries will take advantage of the audit exemption for dormant companies set out within section 480 of the Companies Act 2006 for the Period ended 31 March 2025: Zegona Spanish Holdco Limited and Zegona Borrower Limited.

The following UK subsidiaries will take advantage of the statutory guarantee exemption set out within section 479A of the Companies Act 2006 for subsidiaries, in the Period ended 31 March 2025: Zegona Holdco Limited; Zegona Topco Limited; Zegona Midco Limited; Zegona Hedge Co Limited; Zegona Hedge Co II Limited; Zegona Finance plc.

34. Post Balance Sheet Events

Amendments to Term Loan A and Revolving Credit Facility

Subsequent to the Period end, the Term Loan A Facility and Revolving Credit Facility ("RCF") were successfully repriced, decreasing the margin from Euribor +425bps by 125bps to Euribor +300bps (annualised interest saving of €6.3m) for the remainder of the year and the undrawn RCF from Euribor +375bps by 125bps to Euribor +250bps for the life of the facility (annualised fee saving of €1.9m).

Parent Company Financial Statements and Notes

Statement of Financial Position

	Notes	31 March 2025 €000	31 December 2023 €000
Assets			
Non-current assets			
Property, plant and equipment		10	1
Investments in subsidiaries	3	2,337,230	1,201,714
		2,337,240	**1,201,715**
Current assets			
Trade and other receivables	4	1,185	899,338
Cash and cash equivalents		1,060	2,875
		2,245	**902,213**
Total assets		**2,339,485**	**2,103,928**
Equity and Liabilities			
Equity			
Share capital	6	8,971	8,312
Share premium	7	1,229,327	1,182,375
Share based payment reserve	7	—	156
Capital redemption reserve	7	190,424	2,565
Other reserves	7	—	(3,722)
Retained earnings	7	(101,916)	(13,216)
Foreign currency translation reserve	7	25,459	9,941
		1,352,265	**1,186,411**
Current liabilities			
Trade and other payables	5	987,220	917,517
		987,220	**917,517**
Total liabilities		**987,220**	**917,517**
Total equity and liabilities		**2,339,485**	**2,103,928**

The accompanying notes are an integral part of the financial statements.

As permitted by Section s408 of the Companies Act 2006, no profit and loss account for the company is presented. The company's loss for the financial Period was €84,978k (2023:€7,664k).

The Financial Statements of Zegona Communications plc (registered number 09395163) were approved by the Board of Directors on 16 July 2025 and were signed on its behalf by:

Eamonn O'Hare

Director

Robert Samuelson

Director

Statement of Changes in Equity

	Note	Share capital	Share premium	Capital redemption reserve	Share-based payment reserve	Other reserves – promissory note	Retained earnings	Foreign currency translation reserve	Total equity
		€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2024		8,312	1,182,375	2,565	156	(3,722)	(13,216)	9,941	1,186,411
Loss for the period		—	—	—	—	—	(84,978)	—	(84,978)
Other comprehensive income		—	—	—	—	—	—	15,518	15,518
Issuance of shares		659	234,857	—	—	—	—	—	235,516
Share premium reduction		—	(187,859)	187,859	—	—	—	—	—
Transaction costs arising on share issue		—	(46)	—	—	—	—	—	(46)
Reclassification of interest income related to promissory note		—	—	—	—	3,722	(3,722)	—	—
Share-based payment charge		—	—	—	(156)	—	—	—	(156)
Balance at 31 March 2025		**8,971**	**1,229,327**	**190,424**	**—**	**—**	**(101,916)**	**25,459**	**1,352,265**

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Equity

	Note	Share capital	Share premium	Capital redemption reserve	Share-based payment reserve	Other reserves – promissory note	Retained earnings	Foreign currency translation reserve	Total equity
		€000	€000	€000	€000	€000	€000	€000	€000
Balance at 1 January 2023		311	3,049	2,565	65	—	(415)	—	5,575
Loss for the period		—	—	—	—	—	(7,664)	—	(7,664)
Other comprehensive income		—	—	—	—	—	—	9,941	9,941
Share-based payment charge		—	—	—	91	—	—	—	91
Issuance of shares		8,001	1,184,282	—	—	(8,859)	—	—	1,183,424
Transactions costs arising on share issues		—	(4,956)	—	—	—	—	—	(4,956)
Reclassification of interest income related to promissory note		—	—	—	—	5,137	(5,137)	—	—
Balance at 31 December 2023		**8,312**	**1,182,375**	**2,565**	**156**	**(3,722)**	**(13,216)**	**9,941**	**1,186,411**

The accompanying notes are an integral part of the financial statements.

Notes to the Company Financial Statements

1. Material Accounting Policies

The separate financial statements of the Company are drawn up in accordance with the Companies Act 2006 and Financial Reporting Standard 101'Reduced disclosure framework', ('FRS 101'). The Company will continue to prepare its financial statements in accordance with FRS 101 on an ongoing basis until such time as it notifies shareholders of any change to its chosen accounting framework.

The Company financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and in accordance with the UK Companies Act 2006. The financial statements have been prepared on a going concern basis.

The following exemptions available under FRS 101 have been applied:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Shared-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined);
- IFRS 7 'Financial Instruments: Disclosures';
- Paragraph 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
- Paragraph 38 of IAS 1 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The following paragraphs of IAS 1 'Presentation of financial statements':
- 10(d) (statement of cash flows);
- 16 (statement of compliance with all IFRS);
- 38A (requirement for minimum of two primary statements, including cash flow statements);
- 38B-D (additional comparative information);
- 40A-D (requirements for a third statement of financial position);
- 111 (cash flow statement information); and
- 134-136 (capital management disclosures).
- IAS 7 'Statement of cash flows';
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group;
- The requirements in IAS 36 'Impairment of asset' to disclose valuation technique and assumptions used in determining recoverable amount.

As permitted by section 408(3) of the Companies Act 2006, the income statement of the Company is not presented in this Annual Report. These separate financial statements are not intended to give a true and fair view of the profit or loss or cash flows of the Company. The Company has not published its individual cash flow statement as its liquidity, solvency and financial adaptability are dependent on the Group rather than its own cash flows.

The accounting policies adopted for the Parent Company, Zegona Communications plc, are otherwise consistent with those used for the Group which are set out on pages 89 to 101.

2. Taxes

No current corporation tax expense has been incurred in the Period ended 31 March 2025 (31 December 2023: nil).

3. Investments In Subsidiaries

	31 March 2025 €000	31 December 2023 €000
Cost		
At the beginning of the period	1,201,714	3,655
Additions	900,000	1,198,059
Disposals	—	—
Capital contributions arising from share-based payments	235,516	—
At the end of the period	**2,337,230**	**1,201,714**
Accumulated impairment losses		
At the beginning of the period	—	—
Impairment charge	—	—
At the end of the period	**—**	**—**
Net book value		
At the end of the period	**2,337,230**	**1,201,714**

A full list of the Company's subsidiaries can be found in note 33 to the Consolidated Financial Statements.

The €236m capital contribution arising from share-based payments relates to an exchange of shares with Zegona Limited. Please refer to note 29 to the Consolidated Financial Statements for further detail.

The €900m addition was part of the acquisition process, through which the promissory note (outstanding as at FY23), was utilised as part of the consideration. The initial step for this was a share subscription, increasing the investment in Zegona Limited.

4. Trade And Other Receivables

	31 March 2025 €000	31 December 2023 €000
Included within current assets		
Amounts due from subsidiary undertakings	441	94
Other receivables	120	896,415
Prepayments	624	2,829
	1,185	**899,338**

5. Trade And Other Payables

	31 March 2025 €000	31 December 2023 €000
Included within current liabilities		
Trade payables	—	1,144
Amounts due to subsidiary undertakings	985,366	899,913
Accruals	1,854	16,460
	987,220	**917,517**

6. Share Capital

Allotted, called up and fully paid

	2025 Number	31 March 2025 €000	2023 Number	31 December 2023 €000
At beginning of period	704,149,410	8,312	6,172,424	311
Shares issued	55,060,495	659	697,976,986	8,001
At period end	**759,209,905**	**8,971**	**704,149,410**	**8,312**

The nominal value of the total ordinary shares is £0.01 and the total allotted, called up and fully paid equates to €7,592,010 (2023: €7,041,494).

All ordinary shares confer identical rights including in respect of capital, dividends and voting. Save for those required by applicable law, there are no restrictions on the distribution of dividends or the repayment of capital by Zegona.

7. 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.

Reduction of Share premium

Following the approval at the Company's AGM on the 28 June 2024, the Company made an application to the High Court, together with a lodgement of the Company's statement of capital with the Registrar of Companies, and the Company was permitted to reduce the capital of the Company by an amount of £160m. This was affected on the 1 August 2024 by a transfer of that amount from the share premium account to other reserves – capital redemption, which forms part of the distributable reserves of the Company.

Other Information

Other Information

Non-GAAP measures

Metric	Rationale
Total Revenues	Total revenues for each period and is a key measure of performance.
EBITDAaL	EBITDAaL (Earnings Before Interest, Taxes, Depreciation, Amortisation after Leases) is not an IFRS-defined metric; it is however a common metric used in the telecommunications industry and the basis of the debt covenants.
EBITDAaL less Capex	Reflects the operational cash-flow generation.
Net debt	The debt level of the business is monitored as a ratio of EBITDAaL

Non-financial measures

Metric	Definition
FBB lines	This is the total number of customers subscribed to a broadband internet service offered by a telecommunications provider. This metric includes all users who have an active broadband connection, which can include different types of broadband technologies.
Mobile Lines	A mobile line is defined as a Subscriber Identity Module ("SIM"), or in territories where SIMs do not exist, a unique mobile telephone number, which has access to the network for any purpose (including data only usage) except telemetric applications and SIMs used in wearables. Telemetric applications include, but are not limited to, asset and equipment tracking, mobile payment and billing functionality (for example, vending machines and meter readings) and include voice enabled customers whose usage is limited to a central service operation (for example, emergency response applications in vehicles). Non-revenue generating SIMs that are used for network testing or demonstration purposes are excluded from the reported customer base. In situations where two or more SIM cards are linked to one telephone number only one customer is reported. If SIMs associated with different telephone numbers use the same linked voice, messaging or data entitlements, this is recorded as one customer unless: • all SIMs associated to the bundle can be used for different communication events simultaneously; and • the customer pays substantive additional fees for the additional SIMs or, where additional SIMs are integral to a bundle, the customer is demonstrably paying a substantively higher tariff rate in order to receive additional SIMs. For bundles meeting the above criteria that include more than one additional SIM, there must be a reasonable expectation of that the customer will use the additional SIMs in order for the SIMs to be recorded as additional customers. If two telephone numbers are linked to one SIM this is also recorded as a single customer. Prepaid lines are included for up to six months after last use, as per the Vodafone Spain legal terms.

Fixed Broadband lines as at 31 March 2025 were 2,563k and Mobile lines were 12,438k[32].

[32] Numbers exclude FiNetwork customers reflecting the MVNO arrangement