



Zegona Holdco Limited ("the Company")

A company incorporated in England and Wales, company number 10159604 with registered office address of 8 Sackville Street, London, England, W1S 3DG

Condensed Consolidated Financial Information

Unaudited

30 Sep 24

Zegona HoldCo Limited and its subsidiaries ("the Zegona HoldCo Group" or "the Group") presents the Group's unaudited consolidated statement of financial position and its consolidated statement of financial position for the periods noted in the following pages.

Purpose of this information

This information is provided for the sole purpose of satisfying the Company's external debt reporting obligations as required pursuant to the Senior Facilities Agreement dated 15 July 2024.

1. Operational Commentary

Zegona Holdco Limited and its subsidiaries (the 'Group'), as part of the wider Zegona Communications Plc. group, completed its acquisition of Vodafone Holdings Europe S.L.U. and the trading entities Vodafone España S.A.U., Vodafone ONO S.A.U. Vodafone Servicios S.L.U. and Vodafone Energía S.L.U. (together "Vodafone Spain") on 31 May 2024 (the 'Date of Acquisition').

In accordance with our external debt reporting obligations as noted above, we present the consolidated income statement of the Group for the six months ended 30 September 2024, together with the Group's consolidated statement of financial position as at 30 September 2024. Due to the acquisition occurring on 31 May 2024, the consolidated income statement includes only four months of the operations of Vodafone Spain. We also present certain key performance indicators (KPIs) of Vodafone Spain for the three months ended 30 September 2024. In addition, we provide comparative KPIs being the three months ended 30 June 2024.

Since the date of acquisition, management have initiated a number of key actions as part of the transformation of Vodafone Spain. Management have achieved savings in all cash cost categories which has created the ability to reinvest in the customer base. Although very early days, this customer investment is starting to deliver improvements in the company's overall attractiveness and competitiveness in the market place. The financial impact of actions taken to date has also been positive with improvements in EBITDAaL and cash flow.

Key milestone events:

On 17 July, Zegona successfully refinanced the acquisition financing with long-term financing placed with Spanish and international institutional investors.

On 24 July, Zegona announced that Vodafone ONO, S.A.U. and MasOrange signed a confidential non-binding term sheet setting out the proposed key terms for a national network sharing agreement. The transaction will involve Vodafone Spain and MasOrange creating a joint fibre network company covering approximately 11.5 million premises across Spain and will provide fibre access services to both companies within this footprint.

On 7 November, Zegona announced Vodafone ONO S.A.U., Telefónica de España and Bluevia Fibra had signed a binding five year contract for fibre wholesale in Spain. The new contract will be operational from 1 January 2025 and replaces the current fibre wholesale agreement which expires at the end of this year. The new terms will deliver significant economic benefits to Vodafone Spain alongside enhancing core operational processes and improving the customer experience.

On 7 November, Zegona announced that Vodafone ONO, S.A.U. and Telefónica de España, had signed a binding contract to create a new fibre network company in Spain. This new FibreCo will cover 3.6 million premises across Spain, providing fibre access services for 1.4 million Vodafone Spain and Telefonica customers. Vodafone Spain will use FibreCo to provide services to its existing and future retail and wholesale customers within its footprint. The FibreCo is expected to have run rate EBITDA of circa €125 million after 3 years. The ownership split of the company will be 63% Telefonica and 37% Vodafone Spain.

2. Key performance indicators (KPIs)

	Reported	Comparative
Vodafone Spain	3m to Sep 24	3m to Jun 24
Operational KPIs		
EoP 000s		
FBB lines	2,755	2,731
Mobile lines	13,528	13,406
Financial KPIs		
	€'m	€'m
Total Revenues *	903	916
EBITDAaL **	318	299
EBITDAaL ** less capex	174	141
Zegona Holdco Group	30 Sep 24	30 Jun 24
	€'b	€'b
Long term indebtedness	3.8	3.8

* "Year-on-year" total revenue is not a meaningful comparison as the acquisition created discontinuity in how revenue has been recognised. Only a comparison of underlying revenue which adjusts for such items is meaningful. Total Revenues in the table above aggregate to €1,819m (Note only post-acquisition Vodafone Spain revenue of €1,205m for the four months is included in the Group's consolidated income statement).

** EBITDAaL is defined as earnings attributable to the Vodafone Spain operating group of companies before income tax credit, net financing costs, amortisation of customer-related intangible assets, amortisation 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 Zegona Communications Plc.'s accounting policy relating to subscriber acquisition costs.

3. Zegona Holdco Group

Consolidated statement of comprehensive income

		6 Month*
		Period to
		30 Sep 24
		€'m
Revenue	Note 1	1,205
Cost of Sales		(353)
Gross profit		852
Operating and administrative expenses		(776)
Operating exceptional Items		(135)
Operating profit		(59)
Finance income		12
Finance cost		(166)
Loss for the period before tax		(213)
Income tax expense		-
Loss for the period		(213)

* Six months of Zegona Holdco Limited Group's consolidated results include four months of Vodafone Spain (post acquisition)

3. Zegona Holdco Group (continued)

Consolidated statement of financial position

		As at 30 Sep 24 €'m
Assets		
Non-current assets	Note	
Property, plant and equipment	2	3,702
Goodwill		391
Intangible assets	3	1,991
Trade and other receivables		271
		6,355
Current assets		
Trade and other receivables		832
Inventory		44
Cash and cash equivalents		120
		996
Total assets		7,351
Equity and Liabilities		
Equity		
Share capital		-
Share premium		1,190
Retained earnings		(303)
		887
Liabilities		
Non-current liabilities		
Trade and other payables		240
Deferred tax liabilities		49
Long term borrowings	4	3,825
Lease and other liabilities		803
		4,917
Current liabilities		
Accruals and other payables	5	1,184
Lease and other liabilities		363
		1,547
Total liabilities		6,464
Total equity and liabilities		7,351

4. Zegona Holdco Group – Footnotes

Footnotes to condensed financial information:

These condensed, unaudited financial information footnotes do not include all the information and disclosures required in the annual financial statements nor the interim financial statements, and as such should be read in conjunction with the relevant publications reflecting the consolidated Zegona Communications Plc. results, which are available on their website, www.zegona.com. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Zegona Holdco Limited Group's financial position and performance.

Basis of preparation:

Subsidiaries (see below) are defined as entities controlled by Zegona Holdco Limited ("the Company") either directly or indirectly. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial information of subsidiaries is included in these financial statements from the date that control commences until the date that control ceases and are listed below.

Intragroup balances, any gains and losses or income and expenses arising from intragroup transactions, are eliminated on consolidation. These financial statements have been prepared under the historical cost convention except for certain financial assets that were measured at fair value (mainly the Purchase Price Allocation "PPA" valuations).

As noted in the consolidated Interim Financial Statements for Zegona Communications Plc., the PPA was still provisional and will be finalised in their annual Financial Statements.

Note 1:

Revenue presented in the Consolidated statement of comprehensive income for Zegona Holdco Limited includes four months of the Vodafone Spain Group consolidated results, from the acquisition date of 31 May 2024.

Note 2:

Property, plant and equipment mainly relate to Equipment, fixtures and fittings (€2,784m), Land and buildings (€100m) and Right of use leased assets (€818m).

Note 3:

Intangible assets predominantly relate to the Brands (€360m), Software (€237m), Licence and spectrum assets (€657m) and Customer related assets (€737m).

Note 4:

Long term borrowings relates to the external debt held by Zegona Holdco Limited and certain subsidiaries. This mainly comprises Term Loan A of €0.5bn, €1.3bn and \$0.9bn of Senior Secured Notes, and €0.9bn and \$0.4bn Term Loan B. The total debt is presented net of capitalised financing costs. The revolving credit facilities of €0.5bn are available but unused.

Note 5:

Current accruals and other payables mainly consist of Trade payables (€551m), Accruals (€296m), Other payables (€270m) and Other taxes & social security payables (€67m).

4. Zegona Holdco Group – Footnotes (continued)

Subsidiaries	Jurisdiction	
Zegona Holdco Limited	UK	
Zegona Finance Plc.	UK	
Zegona Finance LLC	US	
Zegona BidCo SLU	ES	
Vodafone Holdings Europe SLU	ES	*
Vodafone España SAU	ES	*
Vodafone Ono SAU	ES	*
Vodafone Servicios SAU	ES	*
Vodafone Energía SAU	ES	*
VTOR America	ES	*

* Included in Vodafone Spain operating Group