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If you sell or have sold or otherwise transferred all of your Zegona Shares, please forward this Circular (but not any personalised Form of Proxy), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee, except that the Circular should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you sell or have sold part only of your holding of Zegona Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

This Circular has been prepared for the purposes of complying with the Takeover Code issued by the Panel on Takeovers and Mergers in the United Kingdom (the “**Takeover Code**”) and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom. The distribution of this Circular and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by local law and therefore persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.

ZEGONA COMMUNICATIONS PLC

(Incorporated and registered in England and Wales under the Companies Act 2006 with company number 09395163)

Proposed Waiver of Rule 9 of the Takeover Code

Authority for Directors to Issue and Allot New Zegona Shares

Proposed Off-Market Buyback Authority

and

Notice of General Meeting

This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman which is set out in Part I (*Letter from the Chairman*). The letter contains a unanimous recommendation from the Independent Directors that you vote in favour of the Waiver Resolution and a unanimous recommendation from the Directors that you vote in favour of the other Resolutions to be proposed at the General Meeting referred to below.

Notice of the General Meeting of Zegona to be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 11 a.m. on 16 November 2023 is set out at the end of this Circular.

A hard copy Form of Proxy will not be sent to Zegona Shareholders for use in connection with the General Meeting, however, Zegona Shareholders may request a hard copy Form of Proxy directly from the Company’s registrar, Link Group, by following the instructions set out in paragraph 12 (*Action to be taken*). Zegona Shareholders are requested to appoint a proxy electronically via the Proximity platform, voting via the LinkVote+ app, or the completion of a proxy form online as soon as possible, whether or not they intend to be present at the General Meeting, and, in any event, no later than 11 a.m. on 14 November 2023, being 48 hours (not counting any part of a day that is not a Business Day) before the time appointed for the holding of the General Meeting (or, in the case of an adjournment or postponement of the General Meeting, no later than 48 hours (not counting any part of a day that is not a Business Day) before the time appointed for holding the adjourned or postponed meeting).

A summary of the action to be taken by Zegona Shareholders in relation to the General Meeting is set out in paragraph 12 (*Action to be taken*) of Part I (*Letter from the Chairman*) and in the accompanying Notice of General Meeting accompanying this Circular.

Completion and return of a Form of Proxy, the giving of a CREST Proxy Instruction, appointing a proxy electronically via the Proxymity platform, voting via the LinkVote+ app, or the completion of a proxy form online will not preclude Zegona Shareholders from attending and voting in person at the General Meeting (in substitution for their proxy vote) if they wish to do so and are so entitled.

Zeus Capital Limited (“**Zeus**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Zegona in connection with the Waiver Resolution and for no one else in connection with the transactions described in this Circular and will not be responsible to anyone other than Zegona for providing the protections afforded to its clients or for giving advice in relation to such transactions.

Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Zeus nor any of its subsidiaries, branches or affiliates accepts any responsibility or liability whatsoever for the contents of this Circular or for any other statement made or purported to be made in connection with Zegona or the Waiver Resolution, including their accuracy, correctness or for any other statement made or purported to be made by it, or on its behalf in connection with the Offer, Admission and other matters referred to in this Circular. Zeus accordingly disclaims all and any responsibility or liability (whether direct or indirect, whether arising in tort, contract, under statute or otherwise), save as referred to above, which it might otherwise have in respect of this Circular or any such other statement.

This Circular includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “anticipates”, “targets”, “aims”, “continues”, “expects”, “intends”, “hopes”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. They appear in a number of places throughout this Circular and include statements regarding the Directors’ beliefs or current expectations concerning, amongst other things, the amount of capital which may be returned by the Company and the taxation of such amounts in the hands of Zegona Shareholders. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this Circular. The information given in this Circular and the forward-looking statements speak only as at the date of this Circular. The Company, Zeus and their respective affiliates expressly disclaim any obligation or undertaking to update, review or revise any forward-looking statement contained in this Circular to reflect actual results or any change in the assumptions, conditions or circumstances on which any such statements are based unless required to do so by FSMA, the Listing Rules, the Prospectus Regulation Rules, the Market Abuse Regulation, the Takeover Code or other applicable laws, regulations or rules.

This Circular is not a prospectus for the purposes of the Prospectus Regulation Rules and it does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. Accordingly, this Circular has not been pre-approved by the FCA pursuant to sections 85 and 87 of FSMA, the London Stock Exchange, any securities commission or other authority or regulatory body. Zegona intends to publish a prospectus, once approved by the FCA, in connection with the Admission and Re-Admission in due course.

The Existing Zegona Shares and the New Zegona Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States, or under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. The Existing Zegona Shares and the New Zegona Shares to be issued by the Company may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, to (or for the account or benefit of) any US person as defined in Regulation S of the US Securities Act, or in or into the United States unless registered under the US Securities Act or offered in a transaction exempt from or not subject to the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States, or subject to certain exceptions, into Australia, Canada, Japan or the Republic of South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan or the Republic of South Africa. There will be no public offer of the Existing Zegona Shares or the New Zegona Shares in the United States, Australia, Canada, Japan or the Republic of South Africa. The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended. The distribution of this Circular may be restricted by law in certain jurisdictions and persons into whose possession any

document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The value of shares and the income from them is not guaranteed and can fall as well as rise due to stock market and currency movements. When you sell your investment you may get back less than you originally invested. All of the value of an investor's investment in the Company will be at risk. Past performance is not a guide to future performance and the information in this Circular or any documents relating to the matters described in it cannot be relied upon as a guide to future performance. Persons needing advice should contact a professional adviser.

Capitalised terms have the meanings ascribed to them in Part IV (*Definitions*).

Certain figures included in this Circular have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Copies of this Circular and the Buyback Agreement are available for inspection during normal business hours on any Business Day at the registered office of the Company at 8 Sackville Street, London W1S 3DG and on the Company's website (www.zegona.com), subject to certain access restrictions, from the date of this Circular up to the date of the General Meeting and at the place of the General Meeting for 15 minutes prior to the start of the meeting and during the meeting. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this Circular.

Dated: 31 October 2023

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Acquisition	7 a.m. on 31 October 2023
Publication of this Circular	31 October 2023
Delivery of this Circular in respect of the General Meeting to Zegona Shareholders	31 October 2023
Latest time and date for receipt of proxy appointment	11 a.m. on 14 November 2023
Voting record time	6 p.m. on 14 November 2023
General Meeting to approve the Resolutions	11 a.m. on 16 November 2023
Expected date of Prospectus	by 16 November 2023
Expected date of Admission	8 a.m. on 17 November 2023
Expected date of Re-Admission	8 a.m. on the date of completion of the Acquisition
Expected date of completion of the Acquisition	Q1 2024
Long stop date for satisfaction or waiver of the conditions under the Acquisition Agreement	31 July 2024 ⁴

Notes:

- 1. Announcement of the results of the General Meeting to be announced by the Company via an RIS announcement.*
- 2. References to a time of day are to London time. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Zegona Shareholders via an RIS announcement.*
- 3. If you have any queries in relation to the appointment of a proxy you may contact the Company's registrars, Link Group, via email at shareholderenquiries@linkgroup.co.uk or on 0371 664 0300 (for calls from within the United Kingdom) and +44 (0) 371 664 0300 (for calls from outside the United Kingdom) between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded. Please note that the Shareholder Helpline will not provide advice on the merits of the Resolutions to be proposed at the General Meeting, or give any personal, legal, financial or tax advice.*
- 4. Or such other date as the parties to the Acquisition Agreement may agree.*

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Eamonn O'Hare (<i>Chairman and Chief Executive Officer</i>) Robert Samuelson (<i>Chief Operating Officer</i>) Ashley Martin (<i>Independent Non-Executive Director</i>) Richard Williams (<i>Independent Non-Executive Director</i>) Suzi Williams (<i>Independent Non-Executive Director</i>)
Company Secretary	Crestbridge Corporate Services Limited 47 Esplanade St Helier Jersey JE1 0BD
Registered Office	8 Sackville Street London W1S 3DG
Rule 3 Adviser to Zegona in connection with the Waiver	Zeus Capital Limited 82 King Street Manchester M2 4WQ
Legal Adviser to Zegona	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Registrars	Link Group Central Square 29 Wellington Street Leeds LS1 4DL

PART I

LETTER FROM THE CHAIRMAN

ZEGONA COMMUNICATIONS PLC

*(Incorporated and registered in England and Wales under the Companies Act 2006
with registered number 09395163)*

Directors:

Eamonn O'Hare (*Chairman and Chief Executive Officer*)
Robert Samuelson (*Chief Operating Officer*)
Ashley Martin (*Independent Non-Executive Director*)
Richard Williams (*Independent Non-Executive Director*)
Suzi Williams (*Independent Non-Executive Director*)

Registered Office:

8 Sackville Street,
London W1S 3DG

31 October 2023

Dear Zegona Shareholders,

Proposed Waiver of Rule 9 of the Takeover Code

Authority for Directors to Issue and Allot New Zegona Shares

Proposed Off-Market Buyback Authority

and

Notice of General Meeting

1. Introduction

I am writing to you with details of some important resolutions Zegona Communications Plc (the "**Company**") wishes to propose to Zegona Shareholders in the upcoming General Meeting which the Board has convened at the offices of Travers Smith LLP located at 10 Snow Hill, London EC1A 2AL at 11 a.m. on 16 November 2023. Notice of the General Meeting is set out at the end of this Circular.

As described in today's announcement, the Company is pleased to announce that each of Zegona Bidco, S.L.U. (the "**Buyer**"), the Company, Zegona Limited and Vodafone Europe B.V. (the "**Seller**") has today entered into a conditional share purchase agreement in relation to the acquisition of the entire issued share capital of Vodafone Holdings Europe, S.L.U ("**Vodafone Spain**"). Pursuant to the Acquisition Agreement, the total consideration for the Acquisition is €5 billion (subject to customary adjustments).

The Company intends to finance the Acquisition through a mixture of debt and equity. It has: (i) agreed to an underwritten financing package of up to €4.2 billion with Deutsche Bank, Filiale Luxembourg, ING Bank N.V., Sucursal en España and UniCredit Bank AG and (ii) raised up to €900 million of new equity share capital from EJLSHM Funding Limited ("**Newco**"), a new company established solely for the purposes of providing funding for the Acquisition. Newco's funds will come from the issue of redeemable preference shares (the "**Vodafone Preference Shares**") to the Seller. It will use the proceeds from the issue of the Vodafone Preference Shares to subscribe for ordinary shares in Zegona.

Zegona also intends to raise up to €600 million of new equity via an institutional placing of new shares in Zegona to investors in the UK and elsewhere at a price of £1.50 per Zegona share, which is expected to be launched prior to Completion, subject to market conditions. In addition, Zegona will also consider an offer of up to €8 million of new equity through a separate offering of New Zegona Shares at £1.50 per Zegona share via the PrimaryBid platform. As a consequence, Resolutions 1 and 4 to be proposed at the General Meeting seek authority for the Directors to allot and issue New Zegona Shares pursuant to the Conditional Subscription, the Placing and the PrimaryBid Offer (if any). Zegona expects to make a further announcement in relation to the Placing and PrimaryBid Offer before the date of the General Meeting.

Zegona Shareholders should be aware that the Acquisition is not conditional on the Placing or the PrimaryBid Offer and therefore Completion can occur without them taking place. In such circumstances, existing Zegona Shareholders should be aware that it may be difficult to exit their holding of Zegona Shares should they wish to do so.

It is intended that Newco will be a passive shareholder and will not vote its Zegona Shares (save in exceptional circumstances in connection with a takeover). Once the Vodafone Preference Shares have been redeemed in full (including all accrued preferential dividends) and Zegona Shareholders have been given six months' notice, Newco's holding of Zegona Shares is expected to be deferred, effectively removing them from Zegona's capital structure. Following Newco's deferral of Zegona Shares, Zegona's other shareholders will receive all incremental equity value created by the business.

It is expected that the Board will seek Zegona Shareholders' approval to re-designate any remaining Zegona Shares held by Newco as non-voting deferred shares with negligible economic rights. Zegona Shareholders should be aware that the re-designation of Zegona Shares held by Newco would increase their percentage holding of Zegona Shares and of the voting rights in Zegona. The Company will therefore give Zegona Shareholders at least six months' notice of such action. Zegona Shareholders should be aware that if any tax is payable by Newco this may delay the point at which the Vodafone Preference Shares can be fully redeemed and therefore the point at which the Zegona Shares held by Newco will be re-designated. Zegona will consult with shareholders and will endeavour to implement the mechanism for the re-designation in such a way that takes into account relevant factors for shareholders which may include shareholding thresholds that could be breached by the re-designation. Please also refer to paragraph 9 (*Dilution and Application of Rule 9 following redemption of the Vodafone Preference Shares*) of this letter.

The allotment and issue of New Zegona Shares pursuant to the Conditional Subscription is conditional on, amongst other things, Zegona Shareholder approval. Following completion of the Conditional Subscription, Newco, and the parties acting in concert with Newco, will be interested in New Zegona Shares carrying more than 50 per cent. of the Company's voting share capital, which would ordinarily result in the Concert Party having to make a mandatory offer under Rule 9 of the Takeover Code. However, the Panel has agreed to waive the obligation on the Concert Party to make a mandatory offer, subject to the approval of the Independent Shareholders.

Zegona has agreed with Newco that if New Zegona Shares are issued by Zegona to Newco pursuant to the Conditional Subscription, and the Placing launches but the Acquisition does not complete, Zegona will undertake a buyback of all New Zegona Shares held by Newco, subject only to agreed conditions, as the purpose of issuing those New Zegona Shares to Newco is solely in respect of the Acquisition which will have failed to complete (the "**Termination Buyback**"). If the Acquisition does not complete and no Placing has launched, there will be no Termination Buyback as no New Zegona Shares will have been issued to Newco.

This Circular sets out the details of the Acquisition and the matters relating to the Resolutions to be proposed at the General Meeting, and explains why: (i) the Independent Directors consider the Waiver Proposals and the Waiver Resolution, and (ii) the Directors consider the Resolutions (excluding the Waiver Resolution for this purpose), to be in the best interests of the Company and Zegona Shareholders as a whole.

2. Details of the Acquisition

Under the terms of the Acquisition Agreement, the Buyer, which is an indirect subsidiary of the Company, will acquire the entire issued share capital of Vodafone Spain.

Vodafone Spain provides fixed-line, mobile, TV and digital market services delivering voice, data and value-added services to approximately 13.5 million mobile customers and 2.9 million fixed broadband customers as at 31 March 2023 and has approximately 19.7 per cent. total revenue market share as at 31 December 2022.

It operates a high-quality next generation nationwide mobile network supported by strong spectrum holdings and a nationwide fixed-line, TV and digital market delivered through a combination of owned and wholesale infrastructure.

Pursuant to the Acquisition Agreement, the consideration payable by Zegona to the Seller, which is an indirect subsidiary of Vodafone Group plc, is based on an enterprise value of €5 billion (subject to customary adjustments as set out in the Acquisition Agreement). A portion of the consideration (up to a maximum of €900 million) will be funded from the proceeds of the issue by Newco of the Vodafone Preference Shares to the Seller.

The enterprise value of €5 billion represents a multiple of 3.9x FY23 Business EBITDAaL, for the financial year ended 31 March 2023 of approximately €1.3 billion. This valuation benchmarks attractively to

precedent European telecoms transaction multiples such as the sale of Euskaltel to MásMóvil in 2021 and the Orange/MásMóvil merger announced on 23 July 2022.

The Company intends to finance the Acquisition through a mixture of debt and equity.

Zegona has agreed to an underwritten financing package of up to €4.2 billion with its Debt Underwriters. The financing package consists of: (i) a term loan A facility in an aggregate principal amount of up to €500 million, and (ii) a corporate bridge facility in an aggregate principal amount of up to €3,700 million, in each case on a customary certain funds basis. Zegona has also obtained binding commitments for an additional revolving credit facility in an aggregate principal amount of up to €500 million. The coupon on the debt arrangements will be tied to a margin over EURIBOR, subject to a ratings-based ratchet (with higher step-ups at lower ratings). On Completion, Zegona estimates that the senior debt outstanding to FY23 Business EBITDAaL of the Zegona Group (as enlarged by Vodafone Spain) as at Completion will be approximately 2.9x assuming new equity issued of €600 million. The Directors believe the financing package provides Zegona with an attractive cost of capital, and allows Zegona Shareholders to benefit from levered returns, in line with the approach taken to Zegona's prior investments in Telecable and Euskaltel. A summary of the principal terms and conditions of the financing package are described in paragraph 11 of Part III (*Additional Information*).

In addition to the financing package described above, Zegona has raised €900 million of new equity share capital via the Conditional Subscription and Relationship Agreement which has been entered into by Newco, a new company established for the purposes of providing funding for the Acquisition. Pursuant to the Conditional Subscription, Newco will pay €1.50 per New Zegona Share, using the proceeds of the issue of the Vodafone Preference Shares. Further details of the Conditional Subscription are contained in paragraph 3 (*Details of Newco, the Conditional Subscription, the Vodafone Preference Shares and the Buyback*) of this letter.

Completion of the Acquisition is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including, amongst other things, the approval of the Council of Ministers (*Consejo de Ministros*) of the Spanish Government in respect of foreign direct investment into Spain, the approval of the Spanish Competition Authority (*Comisión Nacional de los Mercados y la Competencia*) in respect of Spanish merger control, the approval of the Secretariat under the Spanish Ministry of Economic Affairs and Digital Transformation of the transfer of relevant concessions for the private use of the public radioelectric domain, the approval of the European Commission in respect of the EU Foreign Subsidies Regulation (Regulation (EU) 2022/2560), and Zegona Shareholder approval being granted to resolutions approving: (i) the Share Issuance Resolutions; (ii) the Waiver Resolution and (iii) the Buyback Resolution. The Acquisition Agreement may be terminated if the conditions described above are not satisfied on or before the Long Stop Date.

Zegona Shareholders should be aware that as the Existing Zegona Shares are listed on the standard segment of the Official List, the Acquisition itself is not subject to Zegona Shareholder approval. Details of the resolutions to be passed at the General Meeting are provided in paragraph 10 (*General Meeting*) of this letter.

The Acquisition Agreement contains undertakings from the Company:

- not to amend or waive its rights under the Conditional Subscription and Relationship Agreement, the Assignment and Set-Off Deed, the Vodafone Preference Share Subscription Agreement, the Buyback Agreement or the Promissory Note without the Seller's consent or enter into any other arrangement with Newco;
- not to propose a resolution to its shareholders in respect of any buyback of its shares unless it has obtained a waiver from the Panel in respect of Newco's obligation to make a mandatory offer pursuant to Rule 9 of the Takeover Code to the extent required (which would only be if the Concert Party holding had fallen below 50 per cent.);
- to use reasonable endeavours to distribute or return to its shareholders any net cash proceeds following a disposal of assets which is material in the context of the Zegona Group (including a disposal of assets for consideration of over €100 million) subject to the Company retaining any cash required pursuant to its reasonable business plan requirements and satisfying the requirements of its banks as required in connection with any refinancing of its debt, provided the refinancing is on customary market terms and is required to optimise the leverage of the Zegona Group at a level which would be reasonably expected to support an investment grade credit rating from two of Standard & Poor's, Moody's and Fitch;

- not to undertake any action or transaction which would result in: (a) Newco's rights as a shareholder in the Company being subordinated to other equity shareholders, (b) the issue of ordinary shares at more than a 10 per cent. discount to the 30-day volume-weighted average market price from time to time, or (c) the creation of a new class of equity securities which have preferential rights to Newco's shares in the Company; and
- not to issue any ordinary shares within the nine months immediately following Completion at a price per ordinary share of less than £1.50.

A summary of the principal terms and conditions of the Acquisition Agreement are described in paragraph 11 of Part III (*Additional Information*).

Suspension of listing

Should the Acquisition complete, it will constitute a reverse takeover under the Listing Rules as it will result in a fundamental change in the business of the Company, and accordingly the Company will need to apply for the re-admission of its shares to the Official List and to trading on the Main Market on the basis that the FCA approves the eligibility of the group, as enlarged by the Acquisition as a result of the reverse takeover, in accordance with Listing Rule 5.6.21. As the Company is currently unable to provide a full disclosure under Listing Rule 5.6.15, the Company's listing in its ordinary shares on the standard segment of the Official List and trading from the London Stock Exchange remains suspended pending the publication of the Prospectus providing further detail on Vodafone Spain and the Company as enlarged by the Acquisition. **Zegona Shareholders should note that the Acquisition is not conditional on the publication of the Prospectus or re-listing.**

Zegona Shareholders should be aware that the Zegona Group's reputation could be adversely impacted if it fails to complete the Acquisition which could inhibit the Zegona Group's ability to undertake further acquisitions. Failure to complete the Acquisition may materially adversely affect the business and financial condition of the Zegona Group and, accordingly, the Zegona Group's operating results and the trading price of the Zegona Shares.

3. Details of Newco, the Conditional Subscription, the Vodafone Preference Shares and the Termination Buyback

Purpose of Newco

Newco has been established solely for the purposes of providing funding for the Acquisition, as it has been agreed that a portion of the consideration (up to a maximum of €900 million) under the Acquisition Agreement will be funded by the issue by Newco of the Vodafone Preference Shares to the Seller. It is intended that Newco will be a passive shareholder and will not vote its Zegona Shares (save in exceptional circumstances in connection with a takeover).

Following Completion, Newco's sole purpose will be, when it is able, to pay the preferential dividends on, and redeem the Vodafone Preference Shares, funded by dividends, distributions and any other cash received by Newco in respect of the Zegona Shares held by it.

As described above, if the Placing launches but the Acquisition does not complete, Zegona will undertake the Termination Buyback. If no Placing occurs, the New Zegona Shares will only be issued to Newco on Completion.

Once the Vodafone Preference Shares have been redeemed in full (including all accrued preferential dividends), it is expected that the Board will seek the Zegona Shareholders' approval to re-designate any remaining Zegona Shares held by Newco as deferred shares with negligible economic rights. **Zegona Shareholders should be aware that the re-designation of Zegona Shares held by Newco would increase their percentage holding of Zegona Shares and voting rights in the Company. The Company will therefore give Zegona Shareholders at least six months' notice of such action.** The Company will consult with shareholders and will endeavour to implement the mechanism for the re-designation in such a way that takes into account relevant factors for shareholders which may include shareholding thresholds that could be breached by the re-designation. Please also refer to paragraph 9 (*Dilution and Application of Rule 9 following redemption of the Vodafone Preference Shares*) of this letter.

Conditional Subscription

The Company, Newco and the Newco Shareholder have entered into the Conditional Subscription and Relationship Agreement setting out, amongst other matters, the terms on which Newco has conditionally agreed to subscribe for up to €900 million worth of New Zegona Shares, at £1.50 per share, to be funded

using the proceeds of the issue by Newco of the Vodafone Preference Shares to the Seller. The aggregate subscription amount of the Vodafone Preference Shares and the amount available for Newco to subscribe for New Zegona Shares will decrease by €1 for each €2 above €400 million of gross proceeds received by the Company pursuant to the Placing. Therefore, if: (i) the Placing has not occurred prior to Completion, such amounts will be €900 million or (ii) the Company receives €600 million in gross proceeds pursuant to the Placing on or prior to Completion, such amounts will be €800 million.

Pursuant to the terms of the Conditional Subscription and Relationship Agreement, Newco has undertaken to the Company that, amongst other things, Newco will not exercise any of the voting rights attached to Zegona Shares held by it at any time, other than in connection with a takeover, and that it shall not dispose of any Zegona Shares for a period of six months following Completion (or, if later, until the Corporate Bridge Facility has been repaid or refinanced) (subject to certain limited exceptions).

Zegona Shareholders should be aware that, following the transfer of the Zegona Shares to a third party, the transferee will be entitled to exercise the voting rights attached to those Zegona Shares in full.

Under the Conditional Subscription and Relationship Agreement, the Company will issue the New Zegona Shares to Newco in consideration for an undertaking by Newco to pay the subscription amounts to the Company, which will be documented by the Promissory Note.

Vodafone Preference Shares

Newco and the Newco Shareholder have entered into the Vodafone Preference Share Subscription Agreement with the Seller under which the Seller has agreed to subscribe for, and Newco has agreed to issue, conditional on Completion, redeemable preference shares to the Seller. The Newco Shareholder has undertaken in the agreement to pass all approvals required to permit payments of dividends or other distributions to be made and to not approve the issue of any equity in Newco (other than ordinary shares which are issued to the Newco Shareholder). It has also agreed not to dispose of any of Newco's shares until the Vodafone Preference Shares have been redeemed, to remove any director who acts in breach of Newco's articles of association and not to amend the Newco articles of association without the consent of the Preference Shareholder.

The terms of the redeemable preference shares will be set out in the articles of association of Newco. The key terms are as follows:

- (i) the total aggregate subscription value of the redeemable preference shares which will be authorised by Newco is an amount equal to €900 million less €1 for each €2 above €400 million of gross proceeds received by the Company pursuant to the Placing based on an exchange rate calculated on an agreed basis;
- (ii) the redeemable preference shares will be issued with a subscription price of €1 and be denominated in Euros;
- (iii) the redeemable preference shares will not have any voting rights, nor the right to attend or participate at any general meeting of Newco;
- (iv) the redeemable preference shares will be redeemable by Newco at any time (subject to it having sufficient cash to redeem the redeemable preference shares and distributable reserves of at least the same amount);
- (v) the redeemable preference shares will be automatically redeemed on the earlier of (i) six years after their date of issue and (ii) the third Business Day following the disposal by Newco of all of its Zegona Shares (in each case subject to it having sufficient cash to redeem the redeemable preference shares and distributable reserves of at least the same amount);
- (vi) dividends on the Vodafone Preference Shares will accrue at a rate of 5 per cent. per annum for the first three years, increasing to 10 per cent. in the fourth year, 12.5 per cent. in the fifth year and 15 per cent. in the sixth year and thereafter. Dividends will accrue daily based upon a 365-day year (or a 366-day year in a leap year). The dividend rate will not increase in other circumstances;
- (vii) Newco will be permitted to pay accrued dividends at any time;
- (viii) the Vodafone Preference Shares will not be subject to any financial covenants and will have typical anti-dilution protections;

- (ix) the articles of association of Newco will contain a general obligation on Newco to apply cash it receives to pay the accrued preferential dividends on, or redeem the Vodafone Preference Shares, subject to maintaining a minimum working capital balance and having sufficient distributable reserves;
- (x) there are no cross-default or cross-acceleration provisions; and
- (xi) the Preference Shareholder shall be entitled to transfer all but not part of the Vodafone Preference Shares to any third party (subject to: (i) that third party fulfilling certain tax-related requirements, (ii) the Preference Shareholder providing 30 days' notice to the Company and (iii) no loan or commitment under the Corporate Bridge Facility being outstanding). Following a transfer of the Vodafone Preference Shares to a party outside the Vodafone Group, Newco shall be prohibited from disposing of any of its Zegona Shares for a period of 6 months from the date of such transfer (subject to limited exceptions and provided that such period shall not exceed the date that is three years after Completion) pursuant to the terms of the Conditional Subscription and Relationship Agreement. Upon expiry of the 6-month period, Newco shall be entitled to dispose of its Zegona Shares within the following two years provided that it (i) appoints a broker from a list pre-agreed with the Company in connection with such disposal; and (ii) only disposes of the Zegona Shares in accordance with the advice of such broker to ensure that the proposed disposal does not prejudice the maintenance of an orderly market of the Zegona Shares. Such restrictions shall cease to apply after expiry of the two-year period or, three years following Completion if earlier.

Pursuant to the terms of the Assignment and Set-Off Deed, each of the Seller, Newco, the Buyer and its parent undertakings (including the Company) have agreed that, immediately following Completion, the amount receivable by Newco from the Seller pursuant to the Vodafone Preference Share Subscription Agreement will be assigned to the Company, in satisfaction of Newco's undertaking to pay the subscription price payable to the Company under the Conditional Subscription and Relationship Agreement, and the Company will subsequently contribute such receivable to its subsidiary undertakings such that it is owed to the Buyer whereupon it will be set-off against part of the Buyer's obligation to pay the consideration payable to the Seller pursuant to the Acquisition Agreement.

Summary of off-market buyback

As described above, if the Placing launches but the Acquisition does not complete, Zegona will undertake the Termination Buyback, as the purpose of issuing the New Zegona Shares to Newco is solely in respect of the Acquisition, and in those circumstances the Vodafone Financing will not be provided by the Seller.

The Company is therefore seeking approval at the General Meeting of the Buyback Agreement pursuant to which the Company may make an off-market purchase from Newco of all of its Zegona Shares.

Zegona Shareholders should be aware that the Company will give Zegona Shareholders at least six months' notice of it implementing the Termination Buyback, from the date of notification of the Acquisition Agreement having been terminated.

In addition, to ensure that the Seller is not prejudiced by the Placing occurring after the Acquisition, Zegona has agreed with Newco that if the Newco Subscription Shares are issued by Zegona to Newco pursuant to the Conditional Subscription, and the Acquisition completes before the Placing completes, Zegona will undertake a buyback of such number of New Zegona Shares as have a value (based on a price of £1.50 per New Zegona Share) equal to the Oversubscription Amount (the "**Oversubscription Buyback**"). The proceeds of any such Oversubscription Buyback are expected to be used by Newco to pay the accrued preferential dividends on, or redeem the Vodafone Preference Shares.

A summary of the principal terms and conditions of the Buyback Agreement are described in paragraph 11 of Part III (*Additional Information*) and a copy of it will be available for inspection at the registered office of the Company for a period of 15 days ending on the date of the General Meeting, and at the meeting itself.

4. Details of the Possible Placing and PrimaryBid Offer

Zegona intends to raise up to €600 million of new equity via an institutional placing of New Zegona Shares to investors in the UK and elsewhere at a price of £1.50 per Zegona Share which is expected to be launched prior to Completion, subject to market conditions. In addition, Zegona will also consider an offer of up to €8 million of new equity through a separate offering of New Zegona Shares at £1.50 per Zegona share via the PrimaryBid platform.

Zegona expects to make a further announcement in relation to the Placing and PrimaryBid Offer before the date of the General Meeting.

Zegona Shareholders should be aware that the Acquisition is not conditional on the Placing, the PrimaryBid Offer, Admission or Re-Admission and therefore Completion can occur without any of these events. In such circumstances, existing Zegona Shareholders should be aware that it may be difficult to exit their holding of Zegona Shares should they wish to do so.

The allotment and issue of New Zegona Shares pursuant to the Placing and the PrimaryBid Offer will be conditional on, amongst other things, Zegona Shareholder approval. The Share Issuance Resolutions to be proposed at the General Meeting therefore seek the approval of Zegona Shareholders to the allotment and issue of New Zegona Shares pursuant to the Placing and the PrimaryBid Offer (as well as the Conditional Subscription).

It is currently uncertain who will participate in the Placing. Zegona Shareholders should also be aware that Eamonn O'Hare and Robert Samuelson may participate though no decision has been made as at the date of this Circular.

Until such time as the Company has published the Prospectus, it has agreed with the FCA that the Company's shares will remain suspended.

5. Information on Zegona and Vodafone Spain

Summary information on Zegona

Zegona was established in 2015 with the objective of investing in businesses in the European TMT sector and improving their performance to deliver attractive shareholder returns. Zegona is led by former Virgin Media executives Eamonn O'Hare and Robert Samuelson and is admitted to the standard listing segment of the Official List and to trading on the Main Market.

The Zegona Group acquired Telecable, the leading quadplay cable telecommunications operator in the Asturias region of Spain in August 2015. The Zegona Group sold Telecable to Euskaltel in July 2017 and maintained its holding in Euskaltel at approximately 15 per cent. With the benefit of strong shareholder support, Zegona subsequently increased its holding to approximately 21 per cent. becoming Euskaltel's largest shareholder in 2019 with two directors on the Euskaltel board. Zegona then leveraged its track record and initiated consolidation discussions with MásMóvil, which led to MásMóvil acquiring Euskaltel in July 2021. As a result of the acquisition by MásMóvil, Zegona received €421.3 million in cash from the disposal of Euskaltel in 2021 and returned £335 million to its shareholders via a return of capital.

Summary information on Vodafone Spain

Vodafone Spain provides fixed-line, mobile, TV and digital market services delivering voice, data and value-added services to approximately 13.5 million mobile customers and 2.9 million fixed broadband customers as at 31 March 2023 and has approximately 19.7 per cent. total revenue market share as at 31 December 2022.

The business caters to both the Consumer and Business markets and has achieved an increasingly converged customer base, with approximately 75 per cent. of fixed broadband subscribers buying bundled and converged products driving higher ARPU and a lower level of churn. Through its Consumer segment, Vodafone Spain generated €2,453 million (unaudited) of consumer total revenue in FY23 representing approximately 63 per cent. of total revenue and through its Business segment, Vodafone Spain generated €1,292 million (unaudited) of business total revenue in FY23 representing approximately 33 per cent. of total revenue.

In its financial years ended 31 March 2023, 2022 and 2021, Vodafone Spain had total revenue of €3.9 billion, €4.2 billion and €4.2 billion, respectively. Vodafone Spain had Business EBITDAaL of €1.3 billion in its financial years ended 31 March 2023, 2022 and 2021. Vodafone Spain had operating losses of €94.6 million, €224.8 million and €60.5 million for the financial years ended 31 March 2023, 2022 and 2021, respectively.

6. Background to, and reasons for, the Acquisition

The Zegona Group has significant relevant experience in the Spanish telecommunications market, including through its ownership of Telecable and shareholding in Euskaltel. Having followed the business closely for some time, Zegona views Vodafone Spain with the same enthusiasm it had for Telecable and Euskaltel.

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

- (1) An increasingly attractive, highly developed Spanish telecommunications market, underpinned by strong fundamentals and supported by convergence and consolidation tailwinds;
- (2) 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;
- (3) High quality next generation mobile and fixed-line networks supported by strong spectrum positioning, attractive active network sharing arrangements to drive efficiency and extensive nationwide reach through wholesale agreements;
- (4) Resilient cash flow, with significant upside driven by underlying growth and bottom-up revenue, cost and capex optimisation opportunities driving strong margin expansion; and
- (5) Potential for Vodafone Spain to benefit from Zegona's extensive experience driving growth and cost optimisation in the Spanish market.

7. Rule 9 of the Takeover Code and the Concert Party

Rule 9 of the Takeover Code

Rule 9 of the Takeover Code is designed to prevent the acquisition of control of a company to which the Takeover Code applies by any person without a general cash offer being made to all shareholders of that company.

Under Rule 9 of the Takeover Code: (i) when any person acquires, whether by a single transaction or a series of transactions over a period of time or not, an interest in shares (as defined in the Takeover Code) which (taken together with shares in which persons acting in concert with that person are interested) carry 30 per cent. or more of the voting rights of a company that is subject to the Takeover Code; or (ii) where any person is interested in shares (as defined in the Takeover Code) which (taken together with shares in which persons acting in concert with that person are interested) carry 30 per cent. or more of the voting rights of a company that is subject to the Takeover Code but does not hold shares carrying more than 50 per cent. of such voting rights, increases the percentage of shares carrying voting rights in which that person and any person acting in concert with that person are interested, that person is normally obliged (except with the consent of the Panel) to make a general cash offer to all the remaining shareholders of the company to acquire their equity shares and transferable securities carrying voting rights in the company.

An offer under Rule 9 of the Takeover Code must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with that person, for any interest in shares in the company during the 12 months prior to the announcement of the offer.

However, where the obligation to make a mandatory offer under Rule 9 of the Takeover Code might arise following an issue of new shares, the Panel will normally consent to a waiver of that obligation provided that, among other things, this is approved by a vote of independent shareholders.

The Takeover Code applies to the Company.

Concert Party

Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal) co-operate to obtain or consolidate control of that company. Control for these purposes means an interest, or interests, in shares carrying, in aggregate, 30 per cent. or more of the voting rights of a company, irrespective of whether such interests give *de facto* control.

The Company has agreed with the Panel that: (i) Newco, (ii) the Newco Directors (including their close relatives and the related trusts of any of them), (iii) the Newco Shareholder, (iv) Amicorp and (v) the Executive Directors (for the reasons set out below) are presumed to be acting in concert with each other (together, the "**Concert Party**"), and are therefore excluded from being independent shareholders for the purposes of obtaining a waiver of Rule 9 of the Takeover Code.

The members of the Concert Party and the reason for their membership of the Concert Party are set out below:

Concert Party member	Reason for membership
Newco	Potential controller
Newco Shareholder	Parent of Newco
Howard Kalika	Director of Newco
Murray Scott	Director of Newco
Amicorp	Parent of Newco Shareholder
Eamonn O'Hare	Known to Howard Kalika and Murray Scott for several years
Robert Samuelson	Longstanding friendship with Murray Scott and known to Howard Kalika for several years

8. Waiver Proposals

The allotment and issue of the New Zegona Shares pursuant to the Conditional Subscription and, if it launches, the Placing and the PrimaryBid Offer, requires the approval of Zegona Shareholders pursuant to the Share Issuance Resolutions. In addition, as a result of the Conditional Subscription, the Concert Party will be issued up to 521,604,000 New Zegona Shares (representing, in aggregate with Existing Zegona Shares held by the Concert Party, approximately up to 99.13 (see Note (4) below) per cent. of the issued share capital of the Company as at the Latest Practicable Date, enlarged by the issue of such shares and assuming the Placing and the PrimaryBid Offer do not launch), which would, in the absence of a waiver from the Panel, result in Newco having to make a mandatory offer for the Company under Rule 9 of the Takeover Code.

The maximum and minimum interests in the Company of the Concert Party as at completion of the Acquisition under the Waiver are set out in the table below, on the assumptions contained in the Notes to that table:

Concert Party member	Number of Zegona Shares held as at the Latest Practicable Date⁽¹⁾	Maximum number of Zegona Shares held immediately following Completion (without Placing and PrimaryBid Offer)⁽²⁾	Percentage of the issued share capital immediately following Completion (without Placing and PrimaryBid Offer)⁽²⁾	Minimum number of Zegona Shares held immediately following Completion (with maximum Placing and PrimaryBid Offer)⁽³⁾	Percentage of the issued share capital immediately following Completion (with maximum Placing and PrimaryBid Offer)⁽³⁾
Newco	—	521,604,000 ⁽⁴⁾	98.83	463,648,000 ⁽⁴⁾	56.39
Newco Shareholder	—	—	—	—	—
Howard Kalika	—	—	—	—	—
Murray Scott	1,406	1,406	0.00	1,406	0.00
Amicorp	—	—	—	—	—
Eamonn O'Hare	1,067,462	1,067,462	0.20	1,067,462	0.13 ⁽⁵⁾
Robert Samuelson	525,561	525,561	0.10	525,561	0.06 ⁽⁵⁾
Total	1,594,429	523,198,429	99.13	465,242,429	56.59

Note (1): issued share capital of 6,172,424 ordinary shares as at 26 October 2023, being the Latest Practicable Date.

Note (2): assumes the Placing and the PrimaryBid Offer have not launched on Completion.

Note (3): assumes the Placing and the PrimaryBid Offer have launched by Completion and the full €608 million (in aggregate) has been raised by the Company and the Concert Party members do not participate in the Placing. As the Placing and the PrimaryBid are referred to in this Circular as Euro amounts and any New Zegona Shares to be issued pursuant to the Placing and the PrimaryBid Offer will be issued after the date of this Circular, for the purposes of this calculation, an illustrative exchange rate of 0.86934 (being the spot EUR/GBP exchange rate (closing mid-point) as published by Bloomberg on the BFIX service on the Latest Practicable Date) and a price of £1.50 per share have been applied.

Note (4): as the subscription monies of Newco are in Euros and New Zegona Shares will be issued to Newco after the date of this Circular, for the purposes of this calculation, an illustrative exchange rate of 0.86934 (being the spot EUR/GBP exchange rate (closing mid-point) as published by Bloomberg on the BFIX service on the Latest Practicable Date) and a price of £1.50 per share have been applied.

Note (5): assumes for the purposes of this calculation that Eamonn O'Hare and Robert Samuelson do not participate in the Placing. It is currently uncertain who will participate in the Placing. Zegona Shareholders should also be aware that Eamonn O'Hare and Robert Samuelson may participate though no decision has been made as at the date of this Circular.

Pursuant to the Takeover Code, the Panel may waive the requirement for a general offer to be made in accordance with Rule 9 if, amongst other things, the shareholders of the relevant company who are

independent of the person who would otherwise be required to make the offer, and any person acting in concert with such person, pass an ordinary resolution on a poll approving such a waiver.

The Panel has been consulted and has agreed, subject to passing of the Waiver Resolution by the Independent Shareholders on a poll at the General Meeting, to waive the obligation of Newco to make a mandatory offer for the ordinary shares in the capital of the Company which would otherwise arise following completion of the Waiver Proposals. Accordingly, the Company is proposing the Waiver Resolution to seek the approval of Independent Shareholders to the Waiver and the Conditional Subscription is therefore conditional on the Waiver Resolution being approved by the Independent Shareholders.

In order to be validly passed, the Waiver Resolution requires a simple majority of the votes cast on a poll vote. As the Waiver must be approved by the Independent Shareholders, the Concert Party members are not able to vote on the Waiver Resolution. The Waiver will be invalidated if any purchases of Zegona Shares are made by the Concert Party in the period between the date of this Circular and the General Meeting.

Following Completion and the issue of New Zegona Shares pursuant to the Conditional Subscription and, if applicable, the Placing and the PrimaryBid Offer, the Concert Party will hold shares carrying more than 50 per cent. of the voting rights of the Company and may accordingly increase their aggregate interests in shares without incurring any obligation to make an offer under Rule 9, although individual members of the Concert Party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

In addition, the Concert Party will not be restricted from making a subsequent offer in the future for the Company in the event that the Waiver Resolution is approved by Independent Shareholders and the Waiver Proposals take place.

The Waiver Resolution is not expected to have any effect on the Company's interests.

Further information in respect of the Concert Party is set out in Part III (*Additional Information*).

9. Dilution and Application of Rule 9 following redemption of the Vodafone Preference Shares

Existing Zegona Shareholders will be diluted by the subscription of New Zegona Shares pursuant to the Conditional Subscription and, if it launches and existing Zegona Shareholders do not participate, the Placing and the PrimaryBid Offer, assuming there are no other changes to Zegona's share capital between the date of this Circular and Completion.

Following redemption of the Vodafone Preference Shares and the re-designation of Newco's Zegona Shares as deferred shares, the percentage of voting rights in the Company carried by all other Zegona Shareholders will increase accordingly. The Panel has confirmed that if, as a result of any such re-designation, any Zegona Shareholder (together with persons acting in concert with it) becomes interested in shares of the Company carrying 30 per cent. or more of the voting rights in the Company, such Zegona Shareholder (and, depending upon the circumstances, any persons acting in concert with it) will incur an obligation under Rule 9 of the Takeover Code at such time. Accordingly, such person will be required to make a mandatory cash offer for all outstanding shares in the Company or, with the consent of the Panel, to dispose of interests in a sufficient number of shares of the Company to reduce their aggregate interest to below the Rule 9 threshold (in which case voting restrictions will be applied by the Panel so that, pending such disposals, the number of voting rights that are exercised by the relevant person (and any concert parties) do not exceed the Rule 9 threshold).

Zegona Shareholders should accordingly note that an interest in Zegona Shares carrying less than 30 per cent. of the voting rights in the Company may be sufficient to trigger a Rule 9 obligation upon a future re-designation of Newco's Zegona Shares as deferred shares (depending on the size of the aggregate interest in Zegona Shares before such re-designation and the number of Zegona Shares re-designated) and should therefore manage their holding of Zegona Shares in light of this.

10. General Meeting

The General Meeting of the Company, notice of which is set out at the end of this Circular, is to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 11 a.m. on 16 November 2023.

The General Meeting is being held for the purpose of considering, and if thought fit, passing the Resolutions set out in full in the Notice of General Meeting, as summarised below:

- Resolution 1 is an ordinary resolution to grant the Directors authority to allot and issue New Zegona Shares proposed to be issued pursuant to the Offer. Resolution 1 is conditional on the passing of Resolutions 2 and 4;
- Resolution 2 is the Waiver Resolution to approve the Waiver which, as required by the Takeover Code, will be taken on a poll vote of Independent Shareholders. Resolution 2 is an ordinary resolution. Resolution 2 is conditional on the passing of Resolutions 1 and 4;
- Resolution 3 is a special resolution to approve the Buyback Agreement pursuant to which the Company may make an off-market purchase from Newco of the Newco Subscription Shares pursuant to the Termination Buyback or the Oversubscription Buyback; and
- Resolution 4 is a special resolution which disapplies the statutory pre-emption rights in respect of the allotment of the New Zegona Shares to be allotted pursuant to Resolution 3. Resolution 4 is conditional on the passing of Resolutions 1 and 2.

Resolutions 1 and 4 assume an illustrative €1/£1 exchange rate applying in respect of an aggregate €1.408 billion fundraise pursuant to the Offer as the amount to be raised pursuant to the Placing and the PrimaryBid Offer and the exchange rate to be applied to Newco's subscription monies upon subscribing to the Conditional Subscription are unknown at the date of this Circular.

Resolution 3 applies in respect of all Newco Subscription Shares held by Newco, which is unknown at the date of this Circular. Further details on how the amount of Newco Subscription Shares is calculated are provided in paragraph 11(i) (*Conditional Subscription and Relationship Agreement*) of Part III (*Additional Information*).

Zegona Shareholders should be aware that the Zegona Group's reputation could be adversely impacted if it fails to complete the Acquisition which could inhibit the Zegona Group's ability to undertake further acquisitions. Failure to complete the Acquisition may materially adversely affect the business and financial condition of the Zegona Group and, accordingly, the Zegona Group's operating results and the trading price of the Zegona Shares.

11. Irrevocable undertakings

Each of the following Directors have given an irrevocable undertaking to vote in favour of the Resolutions, and together they hold, or are able to control the voting in respect of, Zegona Shares representing approximately 25.83 per cent. of the Existing Zegona Shares expected to be entitled to vote on the Resolutions (other than the Waiver Resolution):

Zegona Shareholder	Number of Existing Zegona Shares held	Percentage of the issued share capital as at the Latest Practicable Date (Waiver Resolution only) ⁵	Percentage of the issued share capital as at the Latest Practicable Date (all other Resolutions)
Eamonn O'Hare	1,067,462	n/a*	17.29
Robert Samuelson	525,561	n/a*	8.52
Richard Williams	1,153	0.03	0.02
Ashley Martin	212	0.00	0.00
Total	1,594,388	0.03	25.83

⁵ Excluding ordinary shares held by Eamonn O'Hare and Robert Samuelson who are not Independent Shareholders for the purpose of the Waiver Resolution.

* Eamonn O'Hare and Robert Samuelson will not vote at the General Meeting on the Waiver Resolution, as they are each deemed to be a member of the Concert Party to which the waiver relates.

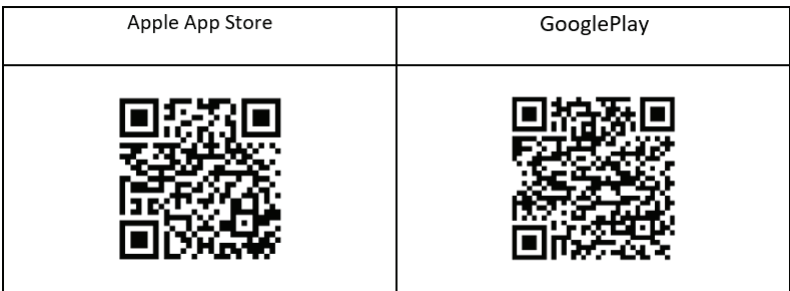
12. Action to be taken

If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or

other professional adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in your own jurisdiction.

Zegona is committed to reducing paper and improving efficiency in its shareholder communications and therefore you will not receive a hard copy Form of Proxy for the General Meeting automatically. You may request a hard copy Form of Proxy directly from the Company’s registrar, Link Group, on 0371 664 0300 or by emailing shareholderenquiries@linkgroup.co.uk. Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the UK will be charged at the applicable international rate. Lines are open between 9.00 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales. To be effective the completed and signed hard copy Form of Proxy must be received by post or (during normal business hours) by hand at the offices of PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) by no later than 11 a.m. on 14 November 2023.

The LinkVote+ app, provided free of charge by Link Group, offers shareholders the option to submit a proxy appointment quickly and easily online, with real-time access to their shareholding records. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.



If you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by Zegona and approved by Link Group. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 11 a.m. on 14 November 2023 in order to be considered valid or, if the General Meeting is adjourned or postponed, by the time which is 48 hours before the time of the adjourned or postponed meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity’s associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

If you hold Zegona Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Link Group (ID: RA10). To be valid, it must be received by no later than 11 a.m. on 14 November 2023.

Completion and return of a Form of Proxy, voting via the LinkVote+ app, appointing a proxy electronically via the Proximity platform, or the giving of a CREST Proxy Instruction will not preclude Zegona Shareholders from attending and voting in person at the General Meeting (in substitution for their proxy vote) if they wish to do so and are so entitled.

If you have any queries in relation to the appointment of a proxy you may call the Shareholder Helpline on 0371 664 0300 (for calls from within the United Kingdom) and +44 (0) 371 664 0300 (for calls from outside the United Kingdom) between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded. Please note that the Shareholder Helpline will not provide advice on the merits of the Resolutions to be proposed at the General Meeting, or give any personal, legal, financial or tax advice.

13. Recommendations

Waiver Proposals and the Waiver Resolution

The Independent Directors, who have been so advised by Zeus, consider that the Waiver Proposals are fair and reasonable and in the best interests of Zegona Shareholders and the Company as a whole. In providing advice to the Independent Directors, Zeus has taken into account the Independent Directors' commercial assessments.

The Independent Directors unanimously recommend that Independent Shareholders vote in favour of the Waiver Resolution as the Independent Directors who are Independent Shareholders have undertaken to do in respect of their own beneficial holdings of 1,365 Existing Zegona Shares, representing approximately 0.02 per cent. in aggregate of the issued share capital of the Company on the Latest Practicable Date. The Executive Directors, who are members of the Concert Party, are not deemed to be independent for the purpose of this recommendation.

Buyback Resolution and the Share Issuance Resolutions

The Directors believe that the Resolutions (excluding the Waiver Resolution for these purposes) to be considered at the General Meeting are in the best interests of the Company and Zegona Shareholders as a whole and unanimously recommend that Zegona Shareholders vote in favour of those Resolutions on which they are entitled to vote, as the Directors who are Zegona Shareholders have undertaken to do in respect of their own beneficial holdings of 1,594,388 Existing Zegona Shares, representing approximately 25.83 per cent. in aggregate of the issued share capital of the Company on the Latest Practicable Date.

Yours faithfully

Eamonn O'Hare

Chairman and Chief Executive Officer

PART II

HISTORICAL FINANCIAL INFORMATION RELATING TO ZEGONA

The following sets out the financial information in relation to Zegona as required by Rule 24.3 of the Takeover Code. The documents referred to below, the contents of which have been previously published, are incorporated by reference pursuant to Rule 24.15 of the Takeover Code.

The below documents are available free of charge, in “read only” format and can be printed from the web addresses detailed below. Save as expressly referred to in this Circular, the contents of the websites referred to in this Circular are not incorporated into and do not form part of this Circular.

Details on how to request hard copies of the below documents can be found in Paragraph 15 of Part III (*Additional Information*).

Information	Source of Information
Unaudited consolidated interim financial statements for the six months ended 30 June 2023	https://www.zegona.com/~media/Files/Z/Zegona/documents/june-2023-interim-financial-statements.pdf
Audited consolidated accounts for the financial year ended 31 December 2022	https://www.zegona.com/~media/Files/Z/Zegona/press-release/2023/annual-report-2022.pdf
Audited consolidated accounts for the year ended 31 December 2021	https://www.zegona.com/~media/Files/Z/Zegona/investors/annual-report-2021.pdf

PART III

ADDITIONAL INFORMATION

1 Responsibility

The Directors accept responsibility for information contained in this Circular (including any expression of opinion) other than information relating to the Concert Party (and their respective affiliated persons) and the Independent Directors' recommendation in relation to the Waiver Proposals and the Waiver Resolution. To the best of the knowledge and belief of the Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Independent Directors accept responsibility for information contained in this Circular (including any expression of opinion) in respect of their recommendation in relation to the Waiver Proposals and the Waiver Resolution. To the best of the knowledge and belief of the Independent Directors (having taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Newco Directors accept responsibility for information contained in this Circular (including any expression of opinion), including information relating to the Concert Party (and their respective affiliated persons). To the best of the knowledge and belief of each Newco Director (having taken all reasonable care to ensure that such is the case), the information contained in this Circular for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 The Company

The Company was incorporated and registered in England and Wales on 19 January 2015 as a private company limited by shares with the name Zegona Communications Limited and with registered number 09395163. On 26 February 2015 the Company was re-registered as a public company limited by shares with the name Zegona Communications Plc. It is domiciled in England and Wales. The Company's registered address is 8 Sackville Street, London W1S 3DG.

As at the Latest Practicable Date, the issued share capital of the company was 6,172,424 Zegona Shares and there are no Zegona Shares held in treasury. There are no restrictions on transfer of issued shares in the capital of the Company under the Company's constitutional documents, and no such shares hold special rights regarding the control of the Company. All of the Zegona Shares carry voting rights of one vote per Zegona Share.

3 Newco and the Newco Shareholder

Newco was incorporated and registered in England and Wales on 23 October 2023 as a private company limited by shares with the name EJLSHM Funding Limited and with registered number 15228873. Newco was formed for the purpose of the Acquisition and the Conditional Subscription and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition and the Conditional Subscription. Newco is owned by the Newco Shareholder.

The Newco Shareholder was incorporated and registered in England and Wales on 23 October 2023 as a private company limited by shares with the name EJLSHM Holdings Limited and with registered number 15228154. The Newco Shareholder was formed for the purpose of the Acquisition and the Conditional Subscription and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition and the Conditional Subscription. The Newco Shareholder is owned by Amicorp, a trust corporation which holds the shares in the Newco Shareholder on trust for charitable purposes pursuant to a declaration of trust.

Amicorp was incorporated and registered in England and Wales as a private company limited by shares and with registered number 13177141.

Crestbridge UK Limited will act as company secretary to both Newco and the Newco Shareholder.

Pursuant to the Vodafone Preference Share Subscription Agreement, Newco has agreed to appoint a reputable recruitment agency to assist with the appointment of three new independent directors of Newco prior to Completion and to use the same process to find any replacement candidates. Candidates

for the role are to have experience of acting as a director of a company listed on the Main Market and/or will have held a senior position at a professional services firm in the United Kingdom. The Newco Directors will resign following the appointment of such replacement directors.

Newco has been formed solely for the purpose of funding the Acquisition pursuant to the Conditional Subscription. Newco is not part of the Zegona Group. In the event the Vodafone Preference Shares were not redeemed, the Preference Shareholder would not have any recourse to the assets of the Zegona Group.

Pursuant to the terms of the Conditional Subscription and Relationship Agreement, Newco has undertaken to the Company that, amongst other things, Newco will not exercise any of the voting rights attached to Zegona Shares held by it at any time, other than in connection with a takeover, and that it shall not dispose of any Zegona Shares for a period of six months following Completion (or, if later, until the Corporate Bridge Facility has been repaid or refinanced) (subject to certain limited exceptions).

In connection with the establishment of Newco, the Company intends to gift €500,000 to the Newco Shareholder to fund the initial establishment and incorporation costs and provide Newco with working capital for fees, costs and expenses and if, necessary and available, to liquidate Newco and the Newco Shareholder once the Vodafone Preference Shares have been redeemed in full (and any accrued preferential dividends have been paid in full) and Newco ceases to hold any Zegona Shares.

4 Intentions of the Concert Party

Other than with respect to any matters set forth in this Circular, Newco has confirmed to the Company that, following any increase in its interests as a result of the Waiver Proposals, Newco remains fully supportive of the Company's management and has no intention to:

- (i) make any change to the future business of the Company or its subsidiaries including the Company's and its subsidiaries' research and development functions;
- (ii) make any change to the continued employment of the employees and management of the Company and of its subsidiaries, including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management of the Company and of its subsidiaries;
- (iii) make any change to its strategic plans for the Company and the locations of the Company's place of business including the location of the Company's headquarters and headquarters functions;
- (iv) make any change to employer contributions into the Company's pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, and the admission of new members;
- (v) redeploy the fixed assets of the Company; or
- (vi) make any change to any existing trading facilities for the relevant securities of the Company.

Newco has confirmed to the Company that Newco does not believe that the Waiver Proposals will impact its existing business in any way.

The Independent Directors approve of the above statements of intention.

5 Acting in Concert

The Company has agreed with the Panel that: (i) Newco, (ii) the Newco Directors (including their close relatives and the related trusts of any of them), (iii) the Newco Shareholder, (iv) Amicorp and (v) the Executive Directors are presumed to be acting in concert with each other.

6 Directors and other interests

The Directors of the Company and their functions are as follows:

Name	Function and role
Eamonn O'Hare	Chairman and Chief Executive Officer
Robert Samuelson	Chief Operating Officer
Ashley Martin	Independent Non-Executive Director
Richard Williams	Independent Non-Executive Director
Suzi Williams	Independent Non-Executive Director

The Newco Directors and their functions are as follows:

Name	Function and role
Howard Kalika	Director
Murray Scott	Director

7 Interests and Dealings

(1) Definitions and interpretation

For the purposes of this paragraph 7:

- (i) "arrangement" includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to the relevant securities of the Company which may be an inducement to deal or refrain from dealing;
- (ii) "associate" of any company has the meaning ascribed to it in the Takeover Code and includes (without limitation):
 - a. its parent companies, subsidiaries, fellow subsidiaries and associated companies and companies of which any such companies are associated companies ("related companies");
 - b. its connected advisers and persons controlling, controlled by or under the same control of any such connected advisers;
 - c. its directors and the directors of any related company referred to in (a) above (together in each case with their close relatives and related trusts);
 - d. its pension schemes or the pension schemes of any related company;
 - e. an employee benefit trust of the Company or any related company; and
 - f. a company having a material trading arrangement with the Company;
- (iii) a "connected adviser" means, in relation to any person, the organisation which is advising that person in relation to the proposals set out in this Circular and, if that person is the Company or Newco, the corporate broker to that person (other than any corporate broker which is unable to act in connection with the offer because of a conflict of interest);
- (iv) "control" means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at the general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control and ownership or control of 20 per cent. or more of the equity share capital is regarded as the test of associated company status;
- (v) "dealing" or "dealt" includes the following:
 - a. the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities, or of general control of securities;
 - b. the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded contract) in respect of any securities;
 - c. subscribing or agreeing to subscribe for securities;
 - d. the exercise or conversion, whether in respect of new or existing relevant securities, of any securities carrying conversion or subscription rights;

- e. the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
 - f. entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
 - g. any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (vi) “derivative” includes any financial product whose value, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
- (vii) “Disclosure Period” means the period commencing on 31 October 2022 and ending on the Latest Practicable Date;
- (viii) a person is treated as “interested” in securities if he has long economic exposure, whether absolute or conditional, to changes in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as “interested” in securities if:
- a. he owns them;
 - b. he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - c. by virtue of any agreement to purchase, option or derivative, he has the right or option to acquire them or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
 - d. he is a party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them;
- (ix) “relevant securities of the Company” means the Zegona Shares and securities convertible into, or rights to subscribe for, Zegona Shares, options (including traded options) in respect thereof and derivatives referenced thereto;
- (x) “relevant securities of Newco” means shares (or similar interests) in Newco or any person acting in concert with it which is a body corporate and securities convertible into, or rights to subscribe for, shares (or similar interests) in Newco or any such person, options (including traded options) in respect thereof and derivatives referenced thereto; and
- (xi) “short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative.

(2) *Interests in the Zegona Shares*

As at the Latest Practicable Date, the interests, rights to subscribe and short positions of the Directors, all of which are beneficial unless otherwise stated, in the share capital of the Company (including persons connected with the Directors within the meaning of section 252 of the Act), together with options in respect of Zegona Shares under the Company's share ownership plans, were as follows:

	As at the Latest Practicable Date	
	Number of Zegona Shares	Percentage of existing Zegona Shares
Eamonn O'Hare ⁽¹⁾	1,067,462	17.29
Robert Samuelson ⁽¹⁾	525,561	8.52
Richard Williams	1,153	0.02
Ashley Martin	212	0.00
Suzi Williams	—	—
Martin Samuelson (father of Robert Samuelson)	84	0.00
Total:	1,594,472	25.83

Notes:

(1) *Eamonn O'Hare and Robert Samuelson also have interests in Management Shares, details of which are set out in paragraph 10.*

As at the Latest Practicable Date, the interests, rights to subscribe and short positions of the members of the Concert Party as well as their maximum and minimum percentage holdings of Zegona Shares were as follows:

Concert Party member	Number of Zegona Shares held as at the Latest Practicable Date⁽¹⁾	Maximum number of Zegona Shares held immediately following Completion (without Placing and PrimaryBid Offer)⁽²⁾	Percentage of the issued share capital immediately following Completion (without Placing and PrimaryBid Offer)⁽²⁾	Minimum number of Zegona Shares held immediately following Completion (with maximum Placing and PrimaryBid Offer)⁽³⁾	Percentage of the issued share capital immediately following Completion (with maximum Placing and PrimaryBid Offer)⁽³⁾
Newco	—	521,604,000 ⁽⁴⁾	98.83	463,648,000 ⁽⁴⁾	56.39
Newco Shareholder	—	—	—	—	—
Howard Kalika	—	—	—	—	—
Murray Scott	1,406	1,406	0.00	1,406	0.00
Amicorp	—	—	—	—	—
Eamonn O'Hare	1,067,462	1,067,462	0.20	1,067,462	0.13 ⁽⁵⁾
Robert Samuelson	525,561	525,561	0.10	525,561	0.06 ⁽⁵⁾
Total	1,594,429	523,198,429	99.13	465,242,429	56.59

Note (1): issued share capital of 6,172,424 ordinary shares as at 26 October 2023, being the Latest Practicable Date.

Note (2): assumes the Placing and the PrimaryBid Offer have not launched on Completion.

Note (3): assumes the Placing and the PrimaryBid Offer have launched by Completion and the full €608 million (in aggregate) has been raised by the Company and the Concert Party members do not participate in the Placing. As the Placing and the PrimaryBid are referred to in this Circular as Euro amounts and any New Zegona Shares to be issued pursuant to the Placing and the PrimaryBid Offer will be issued after the date of this Circular, for the purposes of this calculation, an illustrative exchange rate of 0.86934 (being the spot EUR/GBP exchange rate (closing mid-point) as published by Bloomberg on the BFIX service on the Latest Practicable Date) and a price of £1.50 per share have been applied.

Note (4): as the subscription monies of Newco are in Euros and New Zegona Shares will be issued to Newco after the date of this Circular, for the purposes of this calculation, an illustrative exchange rate of 0.86934 (being the spot EUR/GBP exchange rate (closing mid-point) as published by Bloomberg on the BFIX service on the Latest Practicable Date) and a price of £1.50 per share have been applied.

Note (5): assumes for the purposes of this calculation that Eamonn O'Hare and Robert Samuelson do not participate in the Placing. It is currently uncertain who will participate in the Placing. Zegona Shareholders should also be aware that Eamonn O'Hare and Robert Samuelson may participate though no decision has been made as at the date of this Circular.

(3) *Dealings in the Zegona Shares*

There have been no dealings in relevant securities of the Company during the Disclosure Period by the Directors or by any member of the Concert Party.

(4) *General*

(i) As at the Latest Practicable Date, save as disclosed in paragraph (2), none of:

- A. the Directors;
- B. Newco;
- C. the Newco Directors;
- D. the Newco Shareholder;
- E. Amicorp;
- F. any person acting or presumed to be acting in concert with Newco; nor
- G. any persons acting or presumed to be acting in concert with the Company,

had an interest or right to subscribe for any relevant securities of the Company (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or an delivery obligation or right to require another person to purchase or take delivery, nor had any of the foregoing dealt in any relevant securities of the Company during the Disclosure Period.

(ii) As at the Latest Practicable Date, neither the Company nor Newco, nor any persons acting or presumed to be acting in concert with it has borrowed or lent any relevant securities of the Company.

(iii) As at the Latest Practicable Date, neither the Company, nor any of the Directors (including persons connected with the Directors within the meaning of section 252 of the Act) has any interest or right to subscribe for any relevant securities of Newco (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

8 Middle Market Quotations

The following table shows the middle market quotations for a Zegona Share as derived from the Daily Official List of the London Stock Exchange, for the first Business Day of each of the six months immediately prior to the date of this Circular and on the Latest Practicable Date:

Date	Price per Zegona Share (pence)
26 October 2023 (being the Latest Practicable Date)	31.2
2 October 2023	31.2
1 September 2023	34.5
1 August 2023	36.5
3 July 2023	45.1
1 June 2023	49.0
2 May 2023	51.5

9 Directors' Service Agreements and Letters of Appointment

Details of the terms of each Executive Director's service agreement are set out below.

Name	Date of Initial Appointment	Salary per annum (£)	Leave (days) ⁽¹⁾	Benefits on Termination	Notice Period (months)	Confidentiality Obligations
Eamonn O'Hare	19 January 2015	563,000	25	None other than payment in lieu of notice	12	Survive termination
Robert Samuelson	19 January 2015	419,000	25	None other than payment in lieu of notice	12	Survive termination

Notes

(1) In addition to UK public holidays.

Details of the terms of each Non-Executive Director's appointment with Zegona are set out below.

Name	Date of Initial Appointment	Date of Expiry of Current Office ⁽¹⁾	Fee per annum (£000)	Expenses	Confidentiality Obligations	Termination Provisions ⁽⁴⁾
Richard Williams	9 November 2015	20 June 2024	50	Reimbursement of travel, hotel and other incidental expenses incurred in the course of duties	Survive termination	Without notice and/or compensation if removed from office by shareholders in general meeting
Ashley Martin	6 February 2017	20 June 2024	60 ⁽²⁾	Reimbursement of travel, hotel and other incidental expenses incurred in the course of duties	Survive termination	Without notice and/or compensation if removed from office by shareholders in general meeting
Suzi Williams	5 February 2020	20 June 2024	60 ⁽³⁾	Reimbursement of travel, hotel and other incidental expenses incurred in the course of duties	Survive termination	Without notice and/or compensation if removed from office by shareholders in general meeting

Notes

- (1) Each of the Non-Executive Directors was elected at the 2023 AGM and are expected to stand for re-election at the 2024 AGM.
(2) Includes £10,000 in recognition of chairmanship of the Audit and Risk Committee.
(3) Includes £10,000 in recognition of chairmanship of the Nomination and Remuneration Committee.
(4) In addition, at the end of any annual general meeting if not re-elected.

Save as set out above, there are no existing or proposed service agreements between any Director and any member of the Zegona Group providing for benefits upon termination of employment (other than those during the notice period under the relevant contract).

There are no service contracts or letters of appointment in force between any Director or proposed director of the Company and the Company or any of its subsidiaries and no such contract has been entered into or amended in the last six months preceding the date of this Circular.

There are no management incentivisation arrangements proposed, and no such arrangements have been discussed, between Newco, or any persons acting in concert with it, and any of the Directors in connection with Newco's participation in the Offer.

Service agreements and letters of appointment are held, and are available for inspection, at the Company's registered office.

10 Management Incentive Shares

Zegona Management has received Management Shares in Zegona Limited pursuant to their employee arrangements with the Zegona Group. These shares give Zegona Management the right, subject to certain provisions, to receive upon exercise up to a maximum of 15 per cent. of the growth in value of the Company, subject to Zegona Shareholders achieving a preferred return of 5 per cent. per annum on a compounded basis on their net invested capital plus the market capitalisation of the Company on 14 October 2021 (the date on which the Management Shares were last redeemed).

The preferred return takes into account the date and price at which shares in the Company have been issued, the date and price of any subsequent share issues and the date and amount of any relevant shareholder returns made by the Company to Zegona Shareholders during the relevant period. The aggregate value of all of the Management Shares will only be reduced to less than 15 per cent. of the growth in value if required to ensure Zegona Shareholders achieve the preferred return once the exercise of the Management Shares is taken into account.

The rights attached to the Management Shares may be exercised by Zegona Management at any time in the period from 14 October 2024 to 14 October 2026. Management is required to Exercise all their rights at a single time during this period.

Effect of the Waiver on the Management Incentive Scheme

The Waiver Proposals will not have any effect on the terms of the Management Incentive Scheme. The gross proceeds of the Waiver Proposals will increase the amount of invested capital for the purposes of the Management Incentive Scheme.

11 Material Contracts

The Company

The following are the only material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company, and parties acting in concert with the Company, within the two years immediately preceding the date of this Circular:

(i) *Conditional Subscription and Relationship Agreement*

On 31 October 2023, the Company, Newco and the Newco Shareholder entered into the Conditional Subscription and Relationship Agreement. Pursuant to the terms of the Conditional Subscription and Relationship Agreement, Newco has undertaken to the Company to subscribe for New Zegona Shares. Newco will subscribe for such whole number of New Zegona Shares as may be acquired at £1.50 per New Zegona Share, in each case converted into Euros at the agreed exchange rate on the Business Day immediately prior to completion of the bookbuild for the Placing or, if the Placing does not complete. Completion, for a total aggregate subscription price equal to:

- (A) €900 million; less
- (B) €1 for each €2 above €400 million of gross proceeds received by the Company pursuant to the Placing (if any), calculated as if such amount had been converted into Euros at the agreed exchange rate on the Business Day immediately prior to completion of the bookbuild for the Placing,

such number of Zegona Shares being the “**Newco Subscription Shares**”.

The obligations of Newco under the Conditional Subscription and Relationship Agreement shall take effect upon the earlier of: (i) 12pm on the day which is the Business Day prior to Completion and (ii) Admission taking place. Under the terms of the Conditional Subscription and Relationship Agreement, Newco agrees to issue an agreed form promissory note deed poll in favour of the Company (the “**Promissory Note**”), in respect of its obligation to pay the subscription proceeds for the New Zegona Shares to be issued to it pursuant to the Conditional Subscription.

The Conditional Subscription and Relationship Agreement will also govern the relationship between the Company and Newco (including its Associates (as defined in the Listing Rules)), subject to and with effect from Admission, and includes provisions to ensure that for so long as Newco (and/or any of its associates) controls 30 per cent. or more of the issued ordinary share capital of the Company:

- the Company is managed and the independence of its board is maintained in accordance with the applicable rules, requirements, guidance and recommendations of the London Stock Exchange and the FCA;
- the Zegona Group shall be capable of carrying on its business independently of Newco;
- transactions and arrangements with Newco (and/or any of its Associates) must be conducted at arm’s length and on normal commercial terms;
- neither Newco nor any of its Associates can take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and
- neither Newco nor any of its Associates can propose or procure the proposal of a shareholder resolution, which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Newco has undertaken to the Company that, amongst other things, Newco will not exercise any of the voting rights attached to Zegona Shares held by it at any time, other than in connection with a takeover.

Newco has agreed with the Company pursuant to the Conditional Subscription and Relationship Agreement that for 6 months from Completion (and at any time during which any loan or commitment under the Corporate Bridge Facility is outstanding), it will not, without the prior written consent of the Company, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Zegona Shares it holds immediately following Admission and Re-Admission (or any interest therein) or enter into any transaction with the same economic effect as any of the foregoing, subject to certain customary exceptions.

(ii) Buyback Agreement

On 31 October 2023, Zegona agreed with Newco that if the Newco Subscription Shares are issued by Zegona to Newco pursuant to the Conditional Subscription, and the Placing launches but the Acquisition does not complete, Zegona will undertake the Termination Buyback in respect of all Newco Subscription Shares, as the purpose of issuing those Newco Subscription Shares to Newco is solely in respect of the Acquisition which will have failed to complete, and in those circumstances the Vodafone Financing will not be provided by the Seller.

In addition, to ensure that the Seller is not prejudiced by the Placing occurring after the Acquisition, Zegona agreed with Newco that if the Newco Subscription Shares are issued by Zegona to Newco pursuant to the Conditional Subscription, and the Acquisition completes before the Placing completes, Zegona will undertake the Oversubscription Buyback. The proceeds of any such Oversubscription Buyback are expected to be used by Newco to pay the preferential dividends on the Vodafone Preference Shares and to redeem the Vodafone Preference Shares.

Both the Termination Buyback and the Oversubscription Buyback are conditional upon (i) completion of the Placing, (ii) approval of the Buyback Resolution to be proposed at the General Meeting, and (iii) Zegona having given Zegona Shareholders six months' notice of the relevant buyback.

The Termination Buyback is also conditional on termination of the Acquisition Agreement in accordance with its terms.

Zegona Shareholders should therefore be aware that the Company will give Zegona Shareholders at least six months' notice of it implementing the Termination Buyback, from the date of notification of the Acquisition Agreement having been terminated.

(iii) Assignment and Set-Off Deed

On 31 October 2023, the Company, Newco, Zegona Limited, Zegona Topco, Zegona Midco, Zegona Holdco, the Buyer and the Seller entered into the Assignment and Set-off Deed.

Pursuant to the Assignment and Set-Off Deed, the parties agreed that upon completion of the Acquisition:

- the receivable relating to the subscription monies owed by the Seller to Newco under the terms of the Vodafone Preference Share Subscription Agreement (the "**Receivable**") be assigned to the Company, to be set-off against Newco's obligations to pay the subscription price for the New Zegona Shares subscribed for by it pursuant to the Conditional Subscription;
- immediately following such assignment, the Receivable be subsequently assigned by the Company downstream via various members of the Zegona Group to the Buyer; and
- the Receivable be set-off by the Buyer and the Seller against part of the Buyer's obligation to pay the consideration due to the Seller under the Acquisition Agreement.

(iv) Acquisition Agreement

On 31 October 2023, the Seller, the Buyer, the Company and Zegona Limited entered into the Acquisition Agreement pursuant to which the Buyer has agreed to acquire, and the Seller has agreed to sell, the entire issued share capital of Vodafone Spain, subject to the terms and conditions of the Acquisition Agreement.

Conditions

Completion of the Acquisition is subject to satisfaction (or waiver, where applicable) of a number of conditions including:

- the approval of the Council of Ministers (*Consejo de Ministros*) of the Spanish Government in respect of foreign direct investment into Spain;
- the approval of the Spanish Competition Authority (*Comisión Nacional de los Mercados y la Competencia*) in respect of Spanish merger control;
- the approval of the Secretariat under the Spanish Ministry of Economic Affairs and Digital Transformation of the transfer of relevant concessions for the private use of the public radioelectric domain;

- the European Commission having issued a decision under the Foreign Subsidies Regulation, Council Regulation (EC) No. 2022/2560 (the “FSR”) declaring the Acquisition compatible with the FSR and enabling the Acquisition to complete; and
- the passing of the Waiver Resolution, the Buyback Resolution and the Share Issuance Resolutions.

Consideration

The total consideration for the Acquisition is €5 billion (subject to adjustments by way of a standard completion accounts mechanic to allow for changes in cash, debt, working capital, intercompany payables and intercompany receivables). A portion of the consideration (up to a maximum of €900 million) will be funded pursuant to the Vodafone Financing.

Warranties, Indemnities and Covenants

The Seller has given certain warranties to the Buyer that are customary for a transaction of this nature and size. These include, among other things, warranties that the Seller owns the shares in Vodafone Spain free and clear from any encumbrances and that the Seller has the requisite power and authority to enter into and perform the Acquisition Agreement. The Seller’s warranties also include statements regarding the accounts, material contracts, insolvency, compliance with laws, litigation, intellectual property, information technology, real estate, employment, pensions and tax affairs.

The Buyer, the Company and Zegona Limited have given certain indemnities, and warranties to the Seller that are customary for a transaction of this nature and size. These include, among other things, warranties that the Buyer, the Company and Zegona Limited have the requisite power and authority to enter into and perform its obligations under the Acquisition Agreement.

The Seller has given indemnities over certain contingent liabilities to the Buyer.

The Acquisition Agreement contains undertakings from the Company:

- not to amend or waive its rights under the Conditional Subscription and Relationship Agreement, the Assignment and Set-Off Deed, the Vodafone Preference Share Subscription Agreement, the Buyback Agreement or the Promissory Note without the Seller’s consent or enter into any other arrangement with Newco;
- not to propose a resolution to its shareholders in respect of any buyback of its shares unless it has obtained a waiver from the Panel in respect of Newco’s obligation to make a mandatory offer pursuant to Rule 9 of the Takeover Code to the extent required (which would only be if the Concert Party holding had fallen below 50 per cent.);
- to use reasonable endeavours to distribute or return to its shareholders any net cash proceeds following a disposal of assets which is material in the context of the Zegona Group (including a disposal of assets for consideration of over €100 million subject to the Company retaining any cash required pursuant to its reasonable business plan requirements and satisfying the requirements of its banks as required in connection with any refinancing of its debt, provided the refinancing is on customary market terms and is required to optimise the leverage of the Zegona Group at a level which would be reasonably expected to support an investment grade credit rating from two of Standard & Poor’s, Moody’s and Fitch;
- not to undertake any action or transaction which would result in: (a) Newco’s rights as a shareholder in the Company being subordinated to other equity shareholders, (b) the issue of ordinary shares at more than a 10 per cent. discount to the 30-day volume-weighted average market price from time to time, or (c) the creation of a new class of equity securities which have preferential rights to Newco’s shares in the Company; and
- not to issue any ordinary shares within the nine months immediately following Completion at a price per ordinary share of less than £1.50.

Termination rights

The Acquisition Agreement may be terminated if the conditions described above are not satisfied on or before the Long Stop Date. The Acquisition Agreement may also be terminated by either the Seller or the Buyer if the other party fails to comply with its completion obligations under the Acquisition Agreement.

(v) *Tax Covenant*

A deed of tax covenant will be entered into on Completion between the Seller and the Buyer (the “**Tax Covenant**”). The Tax Covenant allocates responsibility between the Seller and the Buyer for tax liabilities arising in Vodafone Spain and its subsidiaries. Broadly, the Tax Covenant operates so that the Seller is responsible (subject to exceptions) for indemnifying the Buyer for any tax liabilities that arise in the period up to Completion which were not reflected in the completion accounts provided for under the Acquisition Agreement. The Seller’s liability is subject to financial and time limitations customary for a transaction of this nature and size.

(vi) *New Financing Arrangements*

The Company, Zegona Holdco (as borrower) and the Debt Underwriters, among others, are party to a commitment letter dated 30 October 2023 (the “**Commitment Letter**”). Under the Commitment Letter, the Debt Underwriters have agreed to make available, (i) a term loan A facility in an aggregate principal amount up to €500 million (the “**Term Loan A Facility**”) on a customary certain funds basis, (ii) a corporate bridge facility in an aggregate principal amount up to €3,700 million (the “**Corporate Bridge Facility**”) on a customary certain funds basis, and (iii) a revolving credit facility in an aggregate principal amount up to €500 million (the “**Revolving Credit Facility**”), until the earliest of: (A) the date falling 9 months after the date of the Acquisition Agreement or, if the parties to the Acquisition Agreement agree to shorten the Long Stop Date under (and as defined in) the Acquisition Agreement, such earlier Long Stop Date, (B) the date of funding of the Term Facilities (as defined therein), and (C) the Business Day following the date on which the Acquisition Agreement is terminated in accordance with its terms.

The Term Loan A facility, Corporate Bridge Facility and the Revolving Credit Facility will be documented in a senior facilities agreement (the “**Senior Facilities Agreement**”) that will contain customary representations and warranties, affirmative and negative covenants and events of default, including a financial covenant, to be tested semi-annually, based on a ratio of debt to EBITDA to be set with a customary headroom. While the Senior Facilities Agreement will contain a negative covenant restricting the payment of dividends and other distributions, it will contain a permission to make such payments, subject to there being no event of default: (i) in the amount not to exceed 3.0 per cent. of the market capitalisation of Zegona per annum, (ii) in an unlimited amount so long as the consolidated net leverage ratio is no higher than 2.25 to 1.00, after giving *pro forma* effect to the payment and (iii) in an amount of €75 million. While the Corporate Bridge Facility is outstanding, however, the foregoing permissions will not be able to be utilised. The other negative covenants will restrict, among others, the ability of Zegona Holdco and its subsidiaries to incur financial indebtedness, grant guarantees and security, and dispose of assets. These covenants become less restrictive once the Corporate Bridge Facility is fully repaid.

Zegona Holdco will enter into a customary intercreditor agreement with the administrative agent for the Term Loan A Facility, Corporate Bridge Facility and the Revolving Credit Facility and the security agent.

Upon completion of the Placing and the Conditional Subscription, if the Company determines that it has sufficient resources available to it, the Company intends to elect to cancel part of the commitments under the Corporate Bridge Facility.

Term Loan A Facility

The Term Loan A Facility will be made available to Zegona Holdco as borrower and will be secured on a *pari passu* basis with the Corporate Bridge Facility and the Revolving Credit Facility by certain collateral, which will include the shares of Zegona Holdco, certain intercompany loans and certain bank accounts and other assets, rights and interests of Zegona Holdco. In addition, shortly after Completion, the Term Loan A Facility will be secured by a pledge of the shares of Vodafone Spain and, subject to certain limitations will be guaranteed and secured by assets of Vodafone Spain and its material subsidiaries.

The final maturity date of the Term Loan A Facility will be five years after the earlier of the date of funding of the Term Facilities (the “**Closing Date**”) and the date falling three months after the date the Commitment Letter is countersigned by the Company and the Borrower (the “**Countersignature Date**”). The Term Loan A Facility will be subject to required semi-annual amortisation payments: none in years 1 and 2; 12.5 per cent. in years 3 and 4; and 25 per cent. in year 5. It will also be subject to customary mandatory prepayment obligations, as set out under “Corporate Bridge Facility” below, although the Corporate Bridge Facility will be prepaid in priority to the Term Loan A Facility. The applicable interest will be EURIBOR plus 3.25 per cent., subject to a rating-based ratchet for a rating of BB/Ba2 or lower (with higher step-ups for a rating below BB-/Ba3).

Corporate Bridge Facility

The Corporate Bridge Facility will be made available to Zegona Holdco as borrower and will be secured on a *pari passu* basis by the same collateral that will secure the Term Loan A Facility and the Revolving Credit Facility. The final maturity date of the Corporate Bridge Facility will be twelve months after the earlier of the Closing Date and the date falling three months after the Countersignature Date. Zegona Holdco will be entitled to request two six-month extensions to the term of the facility (which would together extend the maturity date to twenty-four months after the earlier of the Closing Date and the date falling three months after the Countersignature Date). Each such six-month extension option will be conditional on there being no continuing event of default, the making of certain representations and warranties and the payment of an extension fee. There will be no amortisation payments associated with the facility, but the facility will be subject to customary mandatory prepayment obligations, including from the proceeds of the Placing and the PrimaryBid Offer raised by Zegona up to €300 million (that is, the first €300 million of net proceeds raised in the Placing and the PrimaryBid Offer will reduce and/or cancel the amount drawn and/or committed down under the Corporate Bridge Facility by that amount), proceeds of debt incurred by the Zegona Group, the proceeds of asset disposals and insurances, and change of control, subject to certain exceptions. The applicable interest will be EURIBOR plus 2.00 per cent., subject to a higher margin if a certain minimum amount of the Corporate Bridge Facility has not been cancelled by a specified date, a rating-based ratchet for a rating of BB/Ba2 or lower (with higher step-ups for a rating below BB-/Ba3), with the applicable margin increasing on each quarterly step-up.

The Company intends to replace the Corporate Bridge Facility via alternative longer-term debt financing, subject to market conditions at the time of refinancing.

Revolving Credit Facility

The Revolving Credit Facility will be made available to Zegona Holdco as borrower and will be secured on a *pari passu* basis by the same collateral that will secure the Term Loan A Facility and the Corporate Bridge Facility. The final maturity date of the Revolving Credit Facility will be five years after the earlier of the Closing Date and the date falling three months after the Countersignature Date. Subject to the limitations and requirements set forth in the Senior Facilities Agreement, after the Closing Date, certain material subsidiaries of Zegona Holdco may accede as additional borrowers to the Revolving Credit Facility. There will be no amortisation payments associated with the facility, but the facility will be subject to customary mandatory prepayment obligations, as set out under “Corporate Bridge Facility” above, although the Corporate Bridge Facility and the Term Loan A Facility will be prepaid in priority to the Revolving Credit Facility. The applicable interest will be EURIBOR plus 2.75 per cent., subject to a rating-based ratchet for a rating of BB/Ba2 or lower (with higher step-ups for a rating below BB-/Ba3).

Newco

The following are the only material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by Newco within the two years immediately preceding the date of this Circular:

(i) Vodafone Preference Share Subscription Agreement

The Vodafone Preference Share Subscription Agreement dated 31 October 2023 between Newco, the Newco Shareholder and the Seller, sets out the terms on which Newco has agreed to issue, and the Seller has agreed to subscribe for, the Vodafone Preference Shares, conditional on Completion. The terms of the Vodafone Preference Shares will be set out in Newco's articles of association.

Pursuant to the Vodafone Preference Share Subscription Agreement, Newco has agreed:

- to appoint a reputable recruitment agency to assist with the appointment of three new independent directors of Newco prior to Completion (upon which the Newco Directors will resign) and to use the same process to find any replacement candidates; and
- to establish a Euro-denominated bank account with a bank or financial institution in England and Wales.

Once the Vodafone Preference Shares have been redeemed in full (and all accrued preferential dividends have been paid), it is expected that the Board will seek the Zegona Shareholders' approval to re-designate any remaining Zegona Shares held by Newco as deferred shares with negligible economic rights. Newco has agreed to consent to such deferral under the Conditional Subscription and Relationship Agreement. Zegona Shareholders should be aware that the re-designation of Zegona Shares held by Newco would

increase their percentage holding of Zegona Shares and voting rights in the Company. The Company will therefore give Zegona Shareholders at least six months' notice of such action. Zegona Shareholders should be aware that if any tax is payable by Newco this may delay the point at which the Vodafone Preference Shares can be fully redeemed and therefore the point at which the Zegona Shares held by Newco will be re-designated.

(ii) Newco's articles of association

The terms of the Vodafone Preference Shares will be set out in Newco's articles of association. The key terms are as follows:

- the total aggregate subscription value of the redeemable preference shares which have been authorised by Newco is an amount equal to €900 million less €1 for each €2 above €400 million of gross proceeds received by the Company pursuant to the Placing based on an exchange rate calculated on an agreed basis;
- the redeemable preference shares will be issued with a subscription price of €1 and be denominated in Euros;
- the redeemable preference shares will not have any voting rights, nor the right to attend or participate at any general meeting of Newco;
- the redeemable preference shares will be redeemable by Newco at any time (subject to it having sufficient cash to redeem the redeemable preference shares and distributable reserves of at least the same amount);
- the redeemable preference shares will be automatically redeemed on the earlier of (i) six years after their date of issue and (ii) the third Business Day following the disposal by Newco of all of its Zegona Shares in each case subject to it having sufficient cash to redeem the redeemable preference shares and distributable reserves of at least the same amount;
- dividends on the Vodafone Preference Shares will accrue at a rate of 5 per cent. per annum for the first three years, increasing to 10 per cent. in the fourth year, 12.5 per cent. in the fifth year and 15 per cent. in the sixth year and thereafter. Dividends will accrue daily based upon a 365-day year (or a 366-day year in a leap year). The dividend rate will not increase in other circumstances;
- Newco will be permitted to pay accrued dividends at any time;
- the Vodafone Preference Shares will not be subject to any financial covenants and will have typical anti-dilution protections;
- the articles of association of Newco will contain a general obligation on Newco to apply cash it receives to pay the accrued preferential dividends on, or redeem the Vodafone Preference Shares, subject to maintaining a minimum working capital balance and having sufficient distributable reserves;
- there are no cross-default or cross-acceleration provisions; and
- the Preference Shareholders shall be entitled to transfer all but not part of the Vodafone Preference Shares to any third party (subject to (i) that third party fulfilling certain tax-related requirements, (ii) the Preference Shareholder providing 30 days' notice to the Company and (iii) no loan or commitment under the Corporate Bridge Facility being outstanding). Following a transfer of the Vodafone Preference Shares to a party outside the Vodafone Group, Newco shall be prohibited from disposing of any of its Zegona Shares for a period of 6 months from the date of such transfer (subject to limited exceptions and provided that such period shall not exceed the date that is three years after Completion) pursuant to the terms of the Conditional Subscription and Relationship Agreement. Upon expiry of the 6 month period, Newco shall be entitled to dispose of its Zegona Shares within the following two years provided that it (i) appoints a broker from a list pre-agreed with the Company in connection with such disposal; and (ii) only disposes of the Zegona Shares in accordance with the advice of such broker to ensure that the proposed disposal does not prejudice the maintenance of an orderly market of the Zegona Shares. Such restrictions shall cease to apply after expiry of the two year period or, three years following Completion if earlier.

(iii) Conditional Subscription and Relationship Agreement

As described above.

(iv) Buyback Agreement

As described above.

(v) Assignment and Set-Off Deed

As described above.

12 No Significant Change

There has been no significant change in the financial or trading position of the Company since 30 June 2023, being the date to which the Company's last published unaudited consolidated interim financial statements were prepared.

13 Miscellaneous

Save as disclosed in this Circular, no agreement, arrangement or commitment (including any inducement fee arrangement or other arrangement having a similar or comparable financial or economic effect) exists between Newco or any persons acting or presumed to be acting in concert with it in respect of the Company and any of the Directors or recent directors, Zegona Shareholders or recent shareholders of the Company having any connection with or dependence upon or which is conditional on the outcome of the Waiver Proposals or the Waiver Resolution.

Save as disclosed in this Circular, there are no relationships (personal, financial or commercial), arrangements or understandings between Newco or any persons acting in concert with it and any of the Directors or any of their respective close relatives and related trusts.

Save as disclosed in this Circular, there are no agreements, arrangements or understandings between Newco or any persons acting in concert with it in respect of the Company whereby any relevant securities of the Company to be acquired pursuant to the Waiver Proposals will be transferred to any other persons.

There are no relations (personal, financial or commercial), arrangements or understandings between Newco or any persons acting in concert with it and Zeus or any person who is, or presumed to be, acting in concert with Zeus.

There are no current public ratings or outlooks accorded to Newco, the Newco Shareholder or the Company by any ratings agencies.

As Newco and the Newco Shareholder have been recently incorporated for the purpose of the Acquisition, no financial information is available or has been published in respect of them.

The Waiver Proposals will not affect the earnings, assets or liabilities of the Company or Newco, save that: (i) the liabilities of Newco will be increased to reflect the issue of the Vodafone Financing in connection with the Acquisition (plus any related accrued interest payable), (ii) the consolidated liabilities of the Company will be increased to reflect the draw down of debt facilities to fund the Acquisition (plus any related accrued interest payable) and any liability which may apply to the issue of New Zegona Shares to Newco and (iii) the consolidated earnings, assets and liabilities of the Company will include the consolidated earnings, assets and liabilities of Vodafone Spain and its subsidiaries.

Zeus has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of the references to its name and its advice in the form and context in which it appears.

All share prices are derived from the Daily Official List of the London Stock Exchange.

Figures and percentages appearing in this Circular have been rounded to the nearest decimal place. Accordingly, figures and percentages may not sum as a result of such rounding.

14 Documents available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the registered office of the Company at 8 Sackville Street, London W1S 3DG and on the Company's website (www.zegona.com), subject to certain access restrictions, from 12 noon on the Business Day following the date of this Circular up to the date of the General Meeting and at the place of the General Meeting for 15 minutes prior to the start of the meeting and during the meeting:

- (i) the articles of association of the Company;

- (ii) the articles of association of Newco and the Newco Shareholder;
- (iii) the audited consolidated interim report and accounts of the Company for the financial years ended 31 December 2022 and 31 December 2021 and the unaudited consolidated interim financial statements of the Company for the six months ended 30 June 2023;
- (iv) the irrevocable undertakings referred to in paragraph 11 of Part I (*Letter from the Chairman*);
- (v) the documents summarised in paragraph 11 of Part III (*Additional Information*), some of which have been redacted for commercially sensitive information as agreed with the Panel;
- (vi) the written consent of Zeus referred to in paragraph 13 of this Part III (*Additional Information*); and
- (vii) this Circular.

For the avoidance of doubt, the contents of the Company's website are not incorporated into and do not form part of this Circular unless expressly stated in this Circular.

15 Documents Incorporated by Reference

The documents incorporated by reference to this Circular are detailed in Part II (*Historical Financial Information Relating to Zegona*).

Any Zegona Shareholder, person with information rights or other person to whom this Circular is sent may request, in writing or verbally, a hard copy of each of the documents incorporated by reference in this Circular. Hard copies will only be provided where valid requests are received from such persons. Requests for copies of any such documents should be directed to the Company's registrars Link Group on 0371 664 0300 (for calls from within the United Kingdom) and +44 (0) 371 664 0300 (for calls from outside the United Kingdom) between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded. Please note that the Shareholder Helpline will not provide advice on the merits of the Resolutions to be proposed at the General Meeting, or give any personal, legal, financial or tax advice.

PART IV

DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

Acquisition	the acquisition of the entire issued share capital of Vodafone Spain by the Buyer pursuant to the Acquisition Agreement;
Acquisition Agreement	the sale and purchase agreement dated 31 October 2023 entered into between the Seller, the Buyer, the Company and Zegona Limited, a summary of the principal terms and conditions of which are described in paragraph 11 of Part III (<i>Additional Information</i>);
Act	the Companies Act 2006;
acting in concert	has the meaning given to it in the Takeover Code;
Admission	the admission of the New Zegona Shares to the standard listing segment of the Official List and to trading on the Main Market;
Amicorp	Amicorp Trustees (UK) Limited (a company registered in England and Wales with registered number 13177141);
Announcement	the announcement released by Zegona on 31 October 2023 announcing that the Buyer had entered into the Acquisition Agreement in respect of the Acquisition, a copy of which is appended to this Circular;
Assignment and Set-Off Deed	the assignment and set-off deed dated 31 October 2023 entered into between the Company, Newco, Zegona Limited, Zegona Topco, Zegona Midco, Zegona Holdco, the Buyer and the Seller, a summary of the principal terms and conditions of which are described in paragraph 11 of Part III (<i>Additional Information</i>);
Board or Directors	the board of directors of the Company;
Business Day	a day other than a Saturday or Sunday or public holiday in England and Wales on which banks are open in London for general commercial business;
Business EBITDAaL	has the meaning given to it in the Announcement;
Buyback Agreement	the buyback agreement dated 31 October 2023 entered into between Newco and the Company, a summary of the principal terms and conditions of which are described in paragraph 11 of Part III (<i>Additional Information</i>);
Buyback Resolution	Resolution 3, as set out in the Notice of General Meeting;
Buyer	Zegona Bidco, S.L.U., a company before the Commercial Registry of Madrid, under Volume 45,651, Page 60, Sheet M-802,704, with Spanish Tax ID Number (CIF) B56308877 and whose registered office is at Avenida del Dr. Arce, 14, Bajo, 28002 Madrid, Spain;
Circular	this document;
Closing Date	has the meaning given to that term in paragraph 11 of Part III (<i>Additional Information</i>);
Company or Zegona	Zegona Communications plc, a company incorporated in England and Wales with registered number 09395163 and whose registered office is at 8 Sackville Street, London W1S 3DG;
Completion	completion of the Acquisition in accordance with the terms of the Acquisition Agreement;

Concert Party	(i) Newco, (ii) the Newco Directors (including their close relatives and the related trusts of any of them), (iii) the Newco Shareholder, (iv) Amicorp and (v) the Executive Directors;
Conditional Subscription	the conditional subscription for New Zegona Shares by Newco pursuant to the Conditional Subscription and Relationship Agreement;
Conditional Subscription and Relationship Agreement	the conditional subscription and relationship agreement dated 31 October 2023 entered into between the Company, Newco and the Newco Shareholder, a summary of the principal terms and conditions of which are described in paragraph 11 of Part III (<i>Additional Information</i>);
Countersignature Date	has the meaning given to that term in paragraph 11 of Part III (<i>Additional Information</i>);
CREST	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form which is administered by Euroclear;
CREST Manual	the CREST manual issued by Euroclear;
CREST member	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
CREST participant	a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations);
CREST Proxy Instruction	the instruction whereby CREST members send a CREST message appointing a proxy for the General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended, including any modification or re-enactment thereof for the time being in force and such other regulations as are applicable to Euroclear and/or CREST;
CREST sponsor	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations);
CREST sponsored member	a CREST member admitted to CREST as a sponsored member;
Debt Underwriters	Deutsche Bank, Filiale Luxembourg, ING Bank N.V., Sucursal en España and UniCredit Bank AG;
Directors	the directors of the Company, being the Executive Directors and the Non-Executive Directors;
Euro or €	the lawful currency of the Member States of the European Union which adopt or have adopted it;
Euroclear	Euroclear UK & International Limited, being the operator of CREST;
Executive Directors	the executive directors of the Company, being Eamonn O'Hare and Robert Samuelson;
Existing Zegona Shares	ordinary shares of £0.01 each in the capital of the Company in issue as at the date of this Circular;
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom or any successor body;
Form of Proxy	a hard copy form of proxy for use by Zegona Shareholders in connection with the General Meeting;
FSMA	the Financial Services and Markets Act 2000, as amended, modified or supplemented from time to time;

General Meeting	the general meeting of the Company, to be held at the offices of Travers Smith LLP at 10 Snow Hill, London EC1A 2AL at 11 a.m. on 16 November 2023, or any adjournment or postponement thereof, notice of which is set out at the end of this Circular;
Independent Directors	the Non-Executive Directors;
Independent Shareholders	the Zegona Shareholders, other than members of the Concert Party;
Latest Practicable Date	26 October 2023, being the latest practicable date prior to the publication of this Circular;
Listing Rules	the listing rules of the FCA made in accordance with section 73A of FSMA as amended from time to time;
London Stock Exchange	London Stock Exchange plc;
Long Stop Date	31 July 2024 (or such other date as the parties to the Acquisition Agreement may agree);
Main Market	the Main Market of the London Stock Exchange;
Management Incentive Scheme	the management incentive arrangements described in paragraph 10 of Part III (<i>Additional Information</i>);
Management Shares	A ordinary shares of 0.00001p each in the capital of Zegona Limited;
Market Abuse Regulation	the UK version of the EU Market Abuse Regulation (2014/596/EU) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018;
Newco	EJLSHM Funding Limited, a new company incorporated in England and Wales with registered number 15228873 and whose registered office is at 8 Sackville Street, London W1S 3DG;
Newco Directors	Howard Kalika and Murray Scott;
Newco Shareholder	EJLSHM Holdings Limited, a new company incorporated in England and Wales with registered number 15228154 and whose registered office is at 8 Sackville Street, London W1S 3DG;
Newco Subscription Shares	has the meaning given to it in paragraph 11(i) (<i>Conditional Subscription and Relationship Agreement</i>) of Part III (<i>Additional Information</i>);
New Zegona Shares	ordinary shares of £0.01 each in the capital of the Company to be issued in connection with the Offer (or otherwise issued following the date of this Circular, if any);
Non-Executive Directors	the non-executive directors of the Company, being Ashley Martin, Richard Williams and Suzi Williams;
Notice of General Meeting	the notice of the General Meeting which appears in Part V (<i>Notice of General Meeting</i>);
Offer	the offer of New Zegona Shares pursuant to the Conditional Subscription and, if it launches, the Placing and the PrimaryBid Offer;
Official List	the Official List of the FCA;
Oversubscription Amount	the amount, if any, by which the gross proceeds of the Placing received by the Company exceed €400 million divided by two (subject to a cap of €100 million) and converted at the Euro/sterling exchange rate on the Business Day immediately prior to Completion;
Oversubscription Buyback	has the meaning given in paragraph 3 of Part I;
Panel	the Panel on Takeovers and Mergers in the United Kingdom;
Placing	the proposed institutional placing of New Zegona Shares;
Preference Shareholder	the holder of the Vodafone Preference Shares from time to time;

PrimaryBid Offer	the proposed offering of New Zegona Shares via the PrimaryBid platform;
Promissory Note	the Promissory Note referred to in paragraph 11(i) of Part III (<i>Additional Information</i>);
Prospectus	a prospectus relating to the Admission and Re-Admission for the purposes of Article 3 of the UK version of Regulation (EU) 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, to be prepared in accordance with the Prospectus Regulation Rules;
Prospectus Regulation Rules	the prospectus regulation rules of the FCA made in accordance with section 73A of FSMA, as amended from time to time;
Re-Admission	the re-admission on Completion of all Zegona Shares in issue immediately prior to Completion, including the New Zegona Shares, to the standard listing segment of the Official List and to trading on the Main Market;
Resolutions	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting;
RIS	a Regulatory Information Service;
Seller	Vodafone Europe B.V.;
Share Issuance Resolutions	Resolutions 1 and 4, as set out in the Notice of General Meeting;
Sterling or £	the lawful currency of the United Kingdom;
Takeover Code	the City Code on Takeovers and Mergers issued and administered by the Panel, as updated from time to time;
Termination Buyback	has the meaning given in paragraph 1 of Part I;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
Uncertificated or uncertificated form	Zegona Shares which are recorded on the register of members of the Company as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
Vodafone Financing	the aggregate subscription price of the Vodafone Preference Shares under the Vodafone Preference Share Subscription Agreement, a summary of the principal terms and conditions of which are described in paragraph 11 of Part III (<i>Additional Information</i>);
Vodafone Preference Shares	preference shares of €0.000001 each in the capital of Newco, having the rights set out in paragraph 3 (<i>Details of Newco, the Conditional Subscription, the Vodafone Preference Shares and the Termination Buyback</i>) of Part I (<i>Letter from the Chairman</i>);
Vodafone Preference Share Subscription Agreement	the subscription agreement dated 31 October 2023 entered into between the Seller, Newco and the Newco Shareholder under which Newco agrees to issue, and the Seller agrees to subscribe for, the Vodafone Preference Shares, a summary of the principal terms and conditions of which are described in paragraph 11 of Part III (<i>Additional Information</i>);
Vodafone Group	Vodafone Group Plc and its subsidiaries but excluding, from Completion, Vodafone Spain;
Vodafone Spain	Vodafone Holdings Europe, S.L.U.;
Waiver	the waiver granted by the Panel, conditional upon the passing of the Waiver Resolution by Independent Shareholders, in respect of the obligation of Newco (or any person acting in concert with it, either individually or collectively) to make a mandatory cash offer for the

	Zegona Shares not already owned by it that would otherwise arise under Rule 9 of the Takeover Code as a result of the Acquisition and the issue of New Zegona Shares to Newco pursuant to the Conditional Subscription, as more particular described in paragraph 8 of Part I (<i>Letter from the Chairman</i>);
Waiver Proposals	the Acquisition, the Placing, the PrimaryBid Offer, the approval of the Waiver and the issue of New Zegona Shares to Newco pursuant to the Conditional Subscription;
Waiver Resolution	Resolution 2, as set out in the Notice of General Meeting, which is to be taken on a poll of Independent Shareholders in accordance with the requirements of the Takeover Code;
Zegona Group	the Company and its subsidiaries and subsidiary undertakings from time to time;
Zegona Holdco	Zegona Holdco Limited, a company incorporated in England and Wales with registered number 10159604 and whose registered office is at 8 Sackville Street, London W1S 3DG; and
Zegona Limited	a subsidiary of the Company, incorporated in Jersey with registered number 117602, but resident in England and Wales;
Zegona Management	the direct or indirect holders of the Management Shares from time to time, being at the date of this Circular, Eamonn O’Hare, Robert Samuelson and Menno Kremer;
Zegona Midco	Zegona Midco Limited, a company incorporated in England and Wales with registered number 15222693 and whose registered office is at 8 Sackville Street, London W1S 3DG;
Zegona Shareholder	a holder of Zegona Shares;
Zegona Shares	the Existing Zegona Shares together with the New Zegona Shares;
Zegona Topco	Zegona Topco Limited, a company incorporated in England and Wales with registered number 15222039 and whose registered office is at 8 Sackville Street, London W1S 3DG; and
Zeus	Zeus Capital Limited.

PART V

NOTICE OF GENERAL MEETING

ZEGONA COMMUNICATIONS PLC

(Incorporated in and registered in England and Wales with registered number 09395163)

NOTICE IS HEREBY GIVEN that a General Meeting of Zegona Communications Plc (the “**Company**”) will be held at 11 a.m. on 16 November 2023 at the offices of Travers Smith LLP at 10 Snow Hill, London EC1A 2AL (the “**General Meeting**”) to consider and, if thought fit, to pass the following resolutions, the third and fourth of which will be proposed as special resolutions.

Capitalised words and terms used in this notice shall have the meaning given to them in the circular of which this notice forms part, unless otherwise defined in this notice.

Ordinary Resolutions

1. THAT, subject to the passing of Resolutions 2 and 4, in addition to all existing authorities, the directors of the Company (the “**Directors**”) be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot up to 938,666,667 new ordinary shares of £0.01 each in the capital of the Company (“**New Zegona Shares**”) with an aggregate nominal value of up to £9,386,666.67, at a price of £1.50 per ordinary share, provided that this authority shall expire on the date falling five years after the date on which this Resolution is passed, save that the Company may, prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the New Zegona Shares to be allotted after expiry of such authority, and the Directors may allot New Zegona Shares in pursuance of such an offer or agreement as if such authority had not expired.
2. THAT, subject to the passing of Resolutions 1 and 4, the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on any member acting in concert with the Company (as that term is defined in the City Code on Takeovers and Mergers issued and administered by the Panel (the “**Takeover Code**”)), both individually and collectively, to make a mandatory offer to Zegona shareholders pursuant to Rule 9 of the Takeover Code as a result of the acquisition by Zegona Bidco, S.L.U. (the “**Buyer**”) of the entire issued share capital of Vodafone Holdings Europe, S.L.U. and the issue of New Zegona Shares pursuant to the conditional subscription by EJLSHM Funding Limited (“**Newco**”), having the rights described in the circular of which this notice forms part, be and is hereby approved.

Special Resolutions

3. THAT the buyback agreement to be entered into between the Company and EJLSHM Funding Limited (“**Newco**”) produced to the General Meeting and initialed by the Chairman for the purposes of identification between the Company and Newco, pursuant to which the Company may make an off-market purchase from Newco of either (i) if the acquisition agreement dated 31 October 2023 entered into between Vodafone Europe B.V. (as the “**Seller**”), Zegona Bidco, S.L.U. (the “**Buyer**”), the Company and Zegona Limited (the “**Acquisition**”) has terminated or lapsed, all of its ordinary shares of £0.01 each in the capital of the Company (“**Zegona Shares**”) held at the time of the purchase, in consideration for the set-off of a promissory note issued by Newco to the Company in respect of the issue of up to €900 million of new Zegona Shares to it; or (ii) if Newco subscribed for new Zegona Shares, and the Acquisition completed before the proposed institutional placing of New Zegona Shares (the “**Placing**”) completed, of such number of Zegona Shares as have a value equal to the amount, if any, by which the gross proceeds of the Placing received by the Company exceed €400 million (four hundred million euros) divided by two (subject to a cap of €100 million) and converted at the Euro/sterling exchange rate on the business day immediately prior to completion of the Acquisition, be and is hereby approved in accordance with sections 693 and 694 of the Companies Act, such approval to be valid until the date which is five years from the date of the General Meeting.
4. THAT, subject to the passing of Resolutions 1 and 2, the Directors be and are hereby generally and unconditionally authorised in accordance with sections 570 to 573 of the Act to allot New Zegona Shares for cash, pursuant to the authority referred to in Resolution 1 above as if sub-section (1) of

section 561 of the Act did not apply to any such allotment provided that this authority shall expire on the date falling five years after the date on which this Resolution is passed, save that the Company may, prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the New Zegona Shares to be allotted after expiry of such authority, and the Directors may allot New Zegona Shares in pursuance of such an offer or agreement as if such authority had not expired.

Dated: 31 October 2023

By order of the Board

Crestbridge Corporate Services Limited

Company Secretary

Registered office: 47 Esplanade, St Helier, Jersey JE1 OBD

Notes:

1. Entitlement to attend and vote

Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and paragraph 18(c) of the Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members at 6 p.m. on 14 November 2023 shall be entitled to attend, speak and vote at the General Meeting (or if the meeting is adjourned or postponed, those members registered on the register of members of the Company not later than 48 hours before the time fixed for the adjourned or postponed meeting). In calculating the period of 48 hours mentioned above, no account shall be taken of any part of a day that is not a working day.

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

In order to comply with the Takeover Code, Resolution 2 will be taken on a poll of Independent Shareholders. Shareholders who are not Independent Shareholders will not be entitled to vote on Resolution 2.

2. Appointment of proxies

If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote (on a show of hands or on a poll) at the General Meeting. You can appoint a proxy only by using the procedures set out in these notes and the notes to the proxy form or, if you hold your shares in uncertificated form you may use the CREST electronic proxy appointment service as noted below.

A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please photocopy the proxy form. All forms must be returned together in the same envelope.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

3. Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on the resolutions or withhold their vote. To appoint a proxy using the proxy form, the form must be:

- (a) completed and signed;
- (b) sent or, during normal business hours only, delivered to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL; and
- (c) received by Link Group no later than 11 a.m. on 14 November 2023.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

4. Appointment of proxies using CREST electronic proxy appointment service, LinkVote+ app, and Proximity platform

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) or postponement(s)

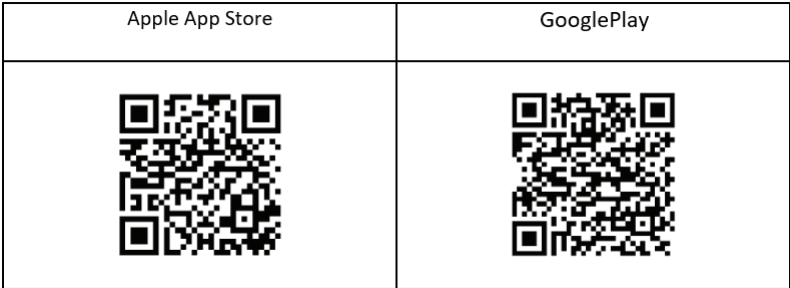
thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & International Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer’s agent, LINK Group (ID: RA10), by 11 a.m. on 14 November 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

The LinkVote+ app, provided free of charge by Link Group, offers shareholders the option to submit a proxy appointment quickly and easily online, with real-time access to their shareholding records. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.



If you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by Zegona and approved by Link Group. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 11 a.m. on 14 November 2023 in order to be considered valid or, if the General Meeting is adjourned or postponed, by the time which is 48 hours before the time of the adjourned or postponed meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity’s associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

5. Appointment of proxy by joint members

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).

6. Changing proxy instructions

To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group via email at shareholderenquiries@linkgroup.co.uk on 0371 664 0300 (for calls from within the United Kingdom) and +44 (0) 371 664 0300 (for calls from outside the United Kingdom) between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded. Please note that the Shareholder Helpline will not provide advice on the merits of the Resolutions to be proposed at the General Meeting, or give any personal, legal, financial or tax advice.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

7. Termination of proxy appointments

In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- (a) by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group, PXS 1, Central Square, 29 Wellington Street, Leeds, LS1 4DL; or
- (b) in the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Link Group before the time fixed for holding the General Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

8. Communications with the Company

Except as provided above, members who have general queries about the General Meeting should email Link Group at shareholderenquiries@linkgroup.co.uk or telephone on 0371 664 0300 (for calls from within the United Kingdom) and +44 (0) 371 664 0300 (for calls from outside the United Kingdom) between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (excluding public holidays in England and Wales). Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate. Please note that calls to these numbers may be monitored or recorded. Please note that the Shareholder Helpline will not provide advice on the merits of the Resolutions to be proposed at the General Meeting, or give any personal, legal, financial or tax advice.

No other methods of communication will be accepted. You may not use any electronic address provided either in this notice of meeting, or in any related documents (including the Circular and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

9. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a “**Nominated Person**”) may have a right under an agreement between him and the shareholder by whom he was nominated, to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he may, under any such agreement, have a right to give instructions to the member

as to the exercise of voting rights. The statement of the rights of members in relation to the appointment of proxies as stated above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

10. Issued Share Capital and Total Voting Rights

As at 26 October 2023, which is the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 6,172,424 ordinary shares of £0.01 each. Each ordinary share carries the right to one vote at a general meeting of the Company. The Company does not hold any shares in treasury. Therefore, the total number of voting rights in the Company as at 26 October 2023 is 6,172,424.

The Company's website (www.zegona.com) includes information on the number of shares and voting rights.

11. Members' rights to ask questions

Any member attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

12. Website

A copy of this notice and other information required by section 311A of the Act can be found at the Company's website (www.zegona.com).

**APPENDIX
ANNOUNCEMENT**

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF THAT JURISDICTION. THIS ANNOUNCEMENT DOES NOT CONSTITUTE A TAKEOVER OFFER OR AN OFFER OF SECURITIES. NO OFFER OR SALE OF SECURITIES MAY OCCUR IN THE UNITED STATES UNLESS THE TRANSACTION HAS BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933 OR IS EXEMPT FROM REGISTRATION THEREUNDER.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE UK VERSION OF THE MARKET ABUSE REGULATION (EU 596/2014) WHICH IS PART OF UK LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

31 October 2023

Zegona Communications plc (“Zegona” or the “Company”)

General Meeting and further information about the Transaction

Further to the announcement on 31 October 2023 regarding the acquisition of Vodafone Group plc’s Spanish business, a Circular containing a Notice of General Meeting has today been posted to Zegona Shareholders.

Further key information in relation to the Transaction is set out below.

Capitalised terms used and not defined in this Announcement have the meaning given to them in the Appendix.

Key Information about the Transaction

Pursuant to the Acquisition Agreement, the consideration payable by the Company is €5 billion which is subject to adjustments as set out in the Acquisition Agreement. The purchase price is based on an enterprise value of €5 billion.

The enterprise value of €5 billion represents a multiple of 3.9x FY23 Business EBITDAaL¹ of approximately €1.3 billion. This valuation benchmarks attractively to precedent European telecoms transaction multiples such as the sale of Euskaltel to MásMóvil in 2021 and the Orange/MásMóvil merger announced on 23 July 2022.

Background to, and reasons for, the Transaction

The Zegona Group has significant relevant experience in the Spanish telecommunications market, including through its ownership of Telecable and shareholding in Euskaltel. Having followed the business closely for some time, Zegona views Vodafone Spain with the same enthusiasm it had for Telecable and Euskaltel.

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

- (a) An increasingly attractive, highly developed Spanish telecommunications market, underpinned by strong fundamentals and supported by convergence and consolidation tailwinds;
- (b) 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;
- (c) High quality next generation mobile and fixed-line networks supported by strong spectrum positioning, attractive active network sharing arrangements to drive efficiency and extensive nationwide reach through wholesale agreements;
- (d) Resilient cash flow, with significant upside driven by underlying growth and bottom-up revenue, cost and capex optimisation opportunities driving strong margin expansion; and
- (e) Potential for Vodafone Spain to benefit from Zegona’s extensive experience driving growth and cost optimisation in the Spanish market.

An increasingly attractive, highly developed Spanish telecommunications market, underpinned by strong fundamentals and supported by convergence and consolidation tailwinds

The prospect of entering the highly developed Spanish telecommunications market represents a compelling investment opportunity to Zegona with the Spanish economy having a strong outlook for the coming

years, expected to grow at approximately 2 per cent., well above the European average (Source: European Commission GDP Growth Forecast 2024).

The Spanish telecommunications market features attractive characteristics including highly developed fixed-line and mobile services which have undergone material growth in total customer numbers and usage over the past decade, and is expected to continue to grow, underpinned by strong underlying demand, supportive regulatory policies and the highly converged customer base.

Services growth has been driven by the growing penetration of digital devices, adoption of video streaming services and the additional capacity of mobile networks from the rollout of 5G. Furthermore, over the past decade the Spanish telecommunications market has been characterised by a degree of consolidation and the rapid transition towards convergence. Both market churn and portabilities have declined materially since 2014, stabilising average revenue per user, partially reflecting the lower churn of customers subscribing for converged services.

Price increases have been introduced by the majority of major market players and certain operators in the value segment have also reduced discounts offered on services. In addition, some operators have also introduced or have announced an intention to introduce CPI escalator clauses in new contracts.

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

Vodafone Spain is well-positioned across the Consumer Mobile, Fixed BB, Fixed voice and Pay TV markets in Spain with a multi-brand strategy allowing it to offer services which are tailored to the needs of different customers from premium to value sections of the market through the Vodafone, Lowi and Finetwork brands. The Vodafone Spain brand commands a premium, with customers valuing the brand's premium fixed-line, mobile, TV and digital market offering. In the context of growing demand for value offerings in the Spanish Consumer segment, Vodafone Spain's Lowi brand is well perceived by customers which is reflected in Lowi's recent marked expansion of subscribers from approximately 800,000 to approximately 1,100,000 in the last 2 financial years.

A differentiating factor of Vodafone Spain's offering in the Consumer segment compared to peers is its Pay TV service. Vodafone Spain is the only player in Spain integrating all major OTT platforms including Disney+, Amazon Prime, HBO and Netflix, with a strong track record of continued expansion of its offering, positioning Vodafone Spain to grow its market share in this important segment of the market.

Vodafone Spain's business segment is characterised by a diversified customer and product base, with significant market share in mobile and fixed broadband and leading positions in SOHO and SME. Vodafone Spain is also a strong challenger in the corporate and public administration segments, where new business lines have demonstrated good growth potential.

Vodafone Spain has a strong converged offering, with over 90 per cent. of fixed subscribers converged as at 31 March 2023. Convergence is a strategic focus of Vodafone Spain and will remain so for the Enlarged Group due to the beneficial effects that a highly converged customer base brings to churn and ARPU levels. Converged offerings demonstrate: a) lower churn rates, increasing customer stickiness and value generation as convergence grows, and b) positive effects on pricing with ARPU being significantly higher for converged products compared to single-service customers.

High quality next generation mobile and fixed-line networks supported by strong spectrum positioning, attractive active network sharing arrangements to drive efficiency and extensive reach through wholesale agreements

Vodafone Spain owns and operates a leading mobile network in Spain with extensive 4G and 5G coverage supported by strong spectrum holdings and value-optimising active and passive network sharing agreements. Vodafone Spain's mobile network has been the recipient of the umlaut connect Mobile Benchmark "Best in Test" award for seven consecutive years between 2015 and 2022. Vodafone Spain's mobile network also benefits from sizeable spectrum holdings, with approximately 26 per cent. of total market spectrum across the high, mid and low frequencies as at 31 January 2023. Sizeable spectrum holdings allow Vodafone Spain to provide a higher quality network experience for its customers, by avoiding congestion and providing broader coverage. In addition, Vodafone Spain benefits from a passive and active network sharing arrangement with Orange, which was most recently renewed in 2019 and which runs through to 2038, enabling network efficiencies and faster 5G deployment. It also benefits from infrastructure and equipment sharing arrangements entered into with Telefónica and Orange in March 2017 and July 2018, respectively.

Vodafone Spain is able to offer customers access to an extensive fixed-line network through its own high-speed network and wholesale agreements with other operators. Approximately 10.7 million of these homes are supported by Vodafone Spain's owned high-speed network, of which 6.8 million were on hybrid fibre co-axial cable and 3.2 million had full fibre-to-the-home (with an additional 0.7 million homes having converged services with both technologies). The fixed-line network supports gigabit speeds and covers more than 28.9 million premises representing approximately 95 per cent. of Spanish households and businesses as of March 2023.

Resilient cash flow, with significant upside driven by underlying growth and cost and capex optimisation opportunities to drive improved margins

Vodafone Spain has demonstrated an improving cash generation profile, with Business Cash Flow growing between FY21 (€185 million) and FY23 (€411 million). This increase has been driven predominantly by a reduction in capital expenditure, principally reflecting lower network expenditure as efficiency improvements were made and the benefits from the active network sharing arrangement with Orange were realised.

The Directors see challenges faced by Vodafone Spain, including what the Directors believe to be a high-cost structure (which includes, high spending on technology and discretionary capex (approximately €1 billion and €102 million (unaudited), respectively, in Vodafone Spain's FY23)). Further, Zegona sees operational opportunities to empower staff to make decisions and reduce bureaucracy.

The Directors believe there is a clear opportunity to drive improved margins in the Vodafone Spain business as set out in more detail below.

Potential for Vodafone Spain to benefit from Zegona's extensive experience driving growth and cost optimisation in the Spanish market

The Zegona management team has a deep knowledge of the Spanish telecom market and a proven track record in executing telecom transactions, complementing the highly experienced Vodafone Spain management team. Zegona management has been centrally involved in operating multiple telecommunication businesses, improving the business profile while delivering returns to shareholders. Further, following Completion, Zegona intends to strengthen the Vodafone Spain senior management team, including proposing José Miguel García for appointment as CEO of Vodafone Spain (which is subject to contract).

For example, while Zegona was the largest shareholder of Euskaltel from 2017 to 2021, and also held two board seats, it implemented fundamental changes in relation to management roles, efficiency savings and geographical expansion. Overall, Zegona generated, at its exit from Euskaltel in 2021, an 87 per cent. return on Net Invested Capital for shareholders from 2015. This return also benefitted from favourable movements in the Euro/pound sterling exchange rate in the relevant period since 2015.

Further, Zegona management were instrumental in the delivery of 42 per cent. shareholder return in less than 2 years during Zegona's ownership from 2015 to 2017 of Telecable, where Telecable was sold to Euskaltel for €187 million in cash and a 15 per cent. stake in the combined business.

Zegona strategic priorities for Vodafone Spain

Stabilise revenues with new commercial initiatives

Zegona also intends to work to stabilise revenues through delivering on new commercial initiatives. For example, Zegona intends to:

- drive increases in convergence of Vodafone brand customers and increased bundling of value-added services into customer offers which is expected to increase customer loyalty, decrease customer churn and continue to stabilise and grow ARPU;
- seek to grow its market share in the value segment of the Spanish market, by strengthening the Vodafone Spain value offerings such as the Lowi brand through leveraging areas of differentiation which other providers' value brands cannot easily replicate, such as adding 5G and TV to the Lowi offering
- focus on core service differentiators in its advertising and customer acquisition activities that work to the Vodafone brand's advantage within the Spanish market, such as focusing on the breadth of its TV content and applications, the quality of its mobile network relative to other players and its

customer service excellence (including empowering its people to create a culture of customer service champions);

- discontinue 12-month discount periods which end at the same time customer contracts come up for renewal to decrease churn and increase ARPU across Vodafone Spain's consumer offering; and
- bring a greater focus to wholesale relationships, which made up only approximately 4 per cent. (unaudited) of Vodafone Spain revenue in the financial year ended 31 March 2023 and which delivers higher margins than many other customer segments.

Furthermore, in the SME segment, Vodafone Spain may be able to benefit from the Spanish government's allocation of funding from the European Union's Recovery and Resilience Facility.

Inject highly experienced senior management team

The Zegona management team have a deep knowledge of the Spanish telecom market and a proven track record from operating telecommunications businesses in Spain, including Euskaltel and Telecable and will apply this experience to Vodafone Spain. Zegona also proposes the appointment of José Miguel García as CEO of the Vodafone Spain business following Completion (which is subject to contract).

José Miguel García has a strong track record of creating value in the Spanish telecommunications market with Zegona management as CEO of Euskaltel and previously as the CEO of Jazztel.

Improve business efficiency through reducing complexity and driving productivity

Zegona intends to simplify and drive the Vodafone Spain business away from a complex, high-cost nature operation. The Directors do not believe, given the different size, geographical spread and product mix of the Vodafone Spain and Euskaltel businesses, it would be possible to achieve the same cash flow margin achieved at Euskaltel. However, by way of illustration, if Vodafone Spain's Business Cash Flow Margin could be improved by 50 per cent. of the difference versus Euskaltel's, that would represent annual cost savings of approximately €320 million that could be achieved over the medium to longer term.

Vodafone Spain management has implemented certain cost saving actions during the three financial years to 31 March 2023, which have benefitted Vodafone Spain's FY23 EBITDAaL by up to €150 million (unaudited). Further actions to reduce complexity and drive productivity may be able to be taken (or accelerated) in order to bring Vodafone Spain's Business Cash Flow Margin closer to that of Euskaltel for the nine months ended 30 September 2020.

The identified potential actions include, among other matters, reducing customer subscriber acquisition costs, implementing greater controls around distribution, renegotiating content deals, using the Lowi value segment brand to expand the TV subscriber base, simplifying the Vodafone Spain IT systems and networks, optimising bad debt collections and seeking to negotiate improved network access costs.

Implement potential fixed line "NetCo" transaction

Vodafone Spain is able to offer customers access to an extensive fixed-line network through its own high-speed network and wholesale agreements with other operators. Vodafone Spain's fixed-line network supports gigabit speeds and covers approximately 10.7 million premises as of March 2023. Zegona sees a potential opportunity to monetise the Vodafone Spain owned network in the future. Such opportunity could potentially take the form of either (1) a sale to an infrastructure investor, and/or (2) a combination with an existing Spanish network operator.

Management considers precedent transactions suggest the best opportunity could potentially deliver gross proceeds of up to c.€3.5 billion.

Potential upside linked to announced MásMóvil/Orange merger

The Orange/MásMóvil merger announcement reported material target run-rate synergies of €450 million if such transaction was completed. If the Orange/MásMóvil merger does not complete, it may be possible to reach agreement to merge the Enlarged Group with MásMóvil which could produce significant opportunities for similar synergies to be achieved between MásMóvil and the Enlarged Group. Zegona believes there is an opportunity for such a transaction to not be subject to European competition approvals particularly given the fact that both MásMóvil and the Enlarged Group would have almost the entirety of their operations based in Spain.

Summary information on Vodafone Spain

Vodafone Spain provides fixed-line, mobile, TV and digital market services delivering voice, data and value-added services to approximately 13.5 million mobile customers and 2.9 million fixed broadband customers as at 31 March 2023 and has approximately 19.7 per cent. total revenue market share as at 31 December 2022.

Through its Consumer segment, Vodafone Spain generated €2,453 million (unaudited) of consumer total revenue in FY23 representing approximately 63 per cent. of total revenue and through its Business segment, Vodafone Spain generated €1,292 million (unaudited) of business total revenue in FY23 representing approximately 33 per cent. of total revenue. Vodafone Spain has achieved an increasingly converged customer base, with approximately 75 per cent. of fixed broadband subscribers buying bundled and converged products driving higher ARPU and a lower level of churn.

In its financial years ended 31 March 2023, 2022 and 2021, Vodafone Spain had total revenue of €3.9 billion, €4.2 billion and €4.2 billion, respectively. Vodafone Spain had Business EBITDAaL of €1.3 billion (unaudited) in each of its financial years ended 31 March 2023, 2022 and 2021. Vodafone Spain had operating losses of €94.6 million, €224.8 million and €60.5 million for the financial years ended 31 March 2023, 2022 and 2021, respectively.

Over the past three financial years ended 31 March 2021, 2022 and 2023, Vodafone Spain had the following number of customers across the below range of service offerings:

(EoP '000s)	FY23	FY22	FY21
Mobile Customers	13,490	13,590	13,244
Contract Mobile Customers	11,089	11,416	11,418
Prepaid Mobile Customers	2,401	2,174	1,826
Fixed Broadband Customers	2,908	3,029	3,193
TV Customers	1,459	1,515	1,560
Consumer Converged Customers	2,185	2,212	2,302

Source: Vodafone Group published results

Summary Financial Information

The table below sets out the summary financial information of Vodafone Spain for the three financial years ended 31 March 2021, 2022 and 2023 and the three-month periods ended 30 June 2022 and 2023.

Summary Consolidated Statement of Comprehensive Loss

	Three months ended		Year ended		
	30 June 2023	30 June 2022	31 March 2023	31 March 2022	31 March 2021
			€'000		
	(unaudited)				
Revenue	964,782	987,527	3,906,713	4,180,058	4,166,421
Supplies	(260,102)	(287,331)	(1,079,518)	(1,101,587)	(1,088,421)
Corporate costs	(71,130)	(69,192)	(257,968)	(347,194)	(282,319)
Other expenses	(293,276)	(259,971)	(996,310)	(1,132,738)	(1,075,098)
Net credit losses on financial assets	(24,303)	(31,200)	(34,862)	(115,484)	(125,855)
Depreciation, amortisation and impairment losses	(410,789)	(416,782)	(1,632,634)	(1,707,815)	(1,655,230)
Operating loss	(94,818)	(76,949)	(94,579)	(224,760)	(60,502)
Finance income	14	26	15,685	13,053	—
Finance costs	(48,599)	(19,774)	(119,377)	(67,808)	(78,182)
Loss for the period before income tax	(143,403)	(96,697)	(198,271)	(279,515)	(138,684)
Income tax credit	—	—	169	30,989	17,161
Loss for the period attributable to equity holders of the parent	(143,403)	(96,697)	(198,102)	(248,526)	(121,523)

Summary Consolidated Statement of Financial Position

	As at		As at	
	30 June 2023	31 March 2023	31 March 2022	31 March 2021
			€'000	
	(unaudited)			
Total non-current assets	5,926,813	6,011,463	6,440,816	6,452,481
Total current assets	818,096	1,081,647	1,026,280	1,118,627
Total assets	6,744,909	7,093,110	7,467,096	7,571,108
Total equity attributable to equity holders of the parent	692,654	835,779	1,036,283	1,287,849
Total non-current liabilities	4,453,388	4,465,867	4,476,871	4,268,560
Total current liabilities	1,598,867	1,791,464	1,953,943	2,014,699
Total equity and liabilities	6,744,909	7,093,110	7,467,096	7,571,108

Summary Consolidated Statement of Cash Flows

	Three months ended		Year ended		
	30 June 2023	30 June 2022	31 March 2023	31 March 2022	31 March 2021
			€'000		
	(unaudited)				
Cash inflows from operating activities	56,924	101,285	1,359,284	1,386,530	1,550,056
Cash inflows/(outflows) from investing activities	56,879	(72,877)	(1,017,361)	(1,212,485)	(1,056,736)
Cash outflows from financing activities	(113,151)	(30,958)	(342,086)	(176,022)	(493,173)
Net cash inflow/(outflow)	652	(2,550)	(163)	(1,977)	147
Cash and cash equivalents at beginning of the financial year/period	4,479	4,642	4,642	6,619	6,472
Cash and cash equivalents at the end of the financial year/period	5,131	2,092	4,479	4,642	6,619

Key terms to the Transaction

On 31 October 2023, the Seller, the Buyer, the Company and Zegona Limited entered into the Acquisition Agreement pursuant to which the Buyer has agreed to acquire, and the Seller has agreed to sell, the entire issued share capital of Vodafone Spain, subject to the terms and conditions of the Acquisition Agreement.

Completion of the Acquisition is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including, amongst other things, the approval of the Council of Ministers (*Consejo de Ministros*)

of the Spanish Government in respect of foreign direct investment into Spain, the approval of the Spanish Competition Authority (*Comisión Nacional de los Mercados y la Competencia*) in respect of Spanish merger control, the approval of the Spanish Secretariat under the Spanish Ministry of Economic Affairs and Digital Transformation of the transfer of relevant concessions for the private use of the public radioelectric domain, the European Commission issuing (or having been deemed to issue) a decision in respect of the EU Foreign Subsidies Regulation (Regulation (EU) 2022/2560) and Zegona Shareholder approval being granted to resolutions approving (i) the allotment and issue of the new shares in Zegona to be issued pursuant to the Conditional Subscription; (ii) the waiver of rule 9 of the City Code on Takeovers and Mergers required to implement the Conditional Subscription, and (iii) the entry into and performance of the Buyback Agreement.

The total consideration for the Acquisition is €5 billion (subject to adjustments after Completion by way of a standard completion accounts mechanic to allow for changes in cash, debt, working capital, intercompany payables and intercompany receivables). A portion of the consideration (up to a maximum of €900 million) will be funded pursuant to the Vodafone Financing.

The Seller has given certain warranties to the Buyer that are customary for a transaction of this nature and size. These include, among other things, warranties that the Seller owns the shares in Vodafone Spain free and clear from any encumbrances and that the Seller has the requisite power and authority to enter into and perform the Acquisition Agreement. The Seller's warranties also include statements regarding the accounts, material contracts, insolvency, compliance with laws, litigation, intellectual property, information technology, real estate, employment, pensions and tax affairs.

The Buyer, the Company and Zegona Limited have given certain warranties to the Seller that are customary for a transaction of this nature and size. These include, among other things, warranties that the Buyer, the Company and Zegona Limited have the requisite power and authority to enter into and perform its obligations under the Acquisition Agreement.

The Seller has given indemnities over certain contingent liabilities to the Buyer.

The Acquisition Agreement also contains undertakings from the Company:

- not to amend or waive its rights under the Conditional Subscription and Relationship Agreement, Assignment and Set-Off Deed, Vodafone Financing Subscription Agreement, the Buyback Agreement or the Promissory Note without the Seller's consent or enter into any other arrangement with Newco;
- not to propose a resolution to its shareholders in respect of any buyback of its shares unless it has obtained a waiver from the Panel in respect of Newco's obligation to make a mandatory offer pursuant to Rule 9 of the Takeover Code to the extent required;
- to use reasonable endeavours to distribute or return to its shareholders any net cash proceeds following a disposal of assets which is material in the context of the Zegona Group (including a disposal of assets for consideration of over €100 million) subject to the Company retaining any cash required pursuant to its reasonable business plan requirements and satisfying the requirements of its banks as required in connection with any refinancing of its debt, provided the refinancing is on customary market terms and is required to optimise the leverage of the Buyer's group at a level which would be reasonably expected to support an investment grade credit rating from two of Standard & Poors, Moody's and Fitch;
- not to undertake any action or transaction which would result in: (a) NewCo's rights as a shareholder in the Company being subordinated to other equity shareholders, (b) the issue of ordinary shares at more than a 10 per cent. discount to the volume-weighted average market price from time to time, (c) the creation of a new class of equity securities which have preferential rights to Newco's shares in the Company; and
- not to issue any ordinary shares within the 12 months immediately following Completion at a price per ordinary share of less than £1.50.

The Acquisition Agreement may be terminated if the conditions described above are not satisfied on or before the Long Stop Date. The Acquisition Agreement may also be terminated by either the Seller or the Buyer if the other party fails to comply with its completion obligations under the Acquisition Agreement.

Intercompany arrangements

Following Completion, members of the Enlarged Group will enter into certain Intercompany Agreements with the Vodafone Group for the provision of services to the Enlarged Group. The Intercompany Agreements include a transitional services agreement, a brand licence and a procurement services agreement. Vodafone will provide a brand licence agreement which permits Zegona to use the Vodafone brand in Spain for up to 10 years post Completion. The Directors believe that total costs of the Intercompany Agreements (comprised of fixed and variable costs) in the first full financial year following Completion will not exceed €110 million. Where the Enlarged Group is receiving services under any of the Intercompany Agreements, it will have the right (subject to any applicable minimum contract periods) to give notice to cease obtaining the services and, accordingly, to stop paying the relevant fees. Where the Intercompany Agreements involve the provision of facilities, services and support by Vodafone Group to the Enlarged Group post-Completion, Vodafone Group is required to provide these to an appropriate standard which is consistent with previous practice.

Financing of the Transaction

Zegona intends to finance the Acquisition through a mixture of debt and equity.

Debt Financing

Zegona has agreed to an underwritten financing package of up to €4.2 billion with its Debt Underwriters. The financing package consists of (i) a term loan A facility in an aggregate principal amount of up to €0.5 billion, and (ii) a corporate bridge facility in an aggregate principal amount of up to €3.7 billion, in each case on a customary certain funds basis. In addition, Zegona has also obtained binding commitments for an additional revolving credit facility in an aggregate principal amount of up to €0.5 billion. The coupon on the debt arrangements will be tied to a margin over EURIBOR, subject to a ratings-based ratchet (with higher step-ups at lower ratings). On Completion, Zegona estimates that the senior debt outstanding to FY23 Business EBITDAaL of the Enlarged Group as at Completion will be approximately 2.9x assuming new equity issued of €600 million². The Directors believe the financing package provides Zegona with an attractive cost of capital, and allows Zegona Shareholders to benefit from levered returns, in line with the approach taken to Zegona's prior investments in Telecabla and Euskaltel.

The Company intends to replace the corporate bridge facility, potentially prior to Completion, through longer-term alternative debt financing, subject to market conditions at the time of refinancing as well as to the rights of the Debt Underwriters to reduce the leverage within the borrower group.

Vodafone Financing

In addition to the financing package described above, up to €900 million of new equity share capital will be subscribed for in Zegona via a conditional subscription and relationship agreement which has been entered into by NewCo, a new company established for the purposes of providing funding for this Transaction. Pursuant to the Conditional Subscription, NewCo has undertaken to Zegona to subscribe for up to €900 million of New Zegona Shares using the proceeds of the Vodafone Financing to be provided through an investment in Vodafone Preference Shares. The New Zegona Shares subscribed for by NewCo in the Conditional Subscription, which forms part of the Offer, will be issued at the Offer Price per New Zegona Share (converted to Euro at the Exchange Rate). The amount of the Vodafone Financing, and therefore the amount of New Zegona Shares issued to NewCo in the Conditional Subscription, will decrease by €1 for every €2 of gross proceeds raised in the Placing above €400 million (e.g., if the Placing raises €600 million of gross proceeds, the amount of the Vodafone Financing will be €800 million).

The proceeds of any distributions or proceeds of sale received by NewCo on the Zegona Shares it holds are required to be applied to pay accrued dividends on the Vodafone Preference Shares (subject to agreed retentions relating to costs, fees and expenses), with any excess cash flow at NewCo to be applied to the redemption of Vodafone Preference Shares.

NewCo has irrevocably undertaken not to vote any of its Zegona Shares at any time (other than in connection with a takeover where the consideration is in cash, provided that in exercising its voting rights in such a scenario, NewCo shall at all times take into account the Holder's interest in the Vodafone Preference Shares and NewCo's ability to redeem the Vodafone Preference Shares). Zegona Shareholders should be aware that, upon any transfer of the Zegona Shares to a third party (including the Holder), the transferee shall be entitled to exercise the voting rights attached to those Zegona Shares in full.

NewCo has agreed with the Company pursuant to the Conditional Subscription and Relationship Agreement that during (i) the period which is six months following Completion, and (ii) at any time during

which any loan or commitment under the corporate bridge facility is outstanding, it will not, without the prior written consent of the Company and subject to other limited customary lock-up exceptions, sell or contract to sell, grant any option over or otherwise dispose of or encumber any Zegona Shares it holds immediately following Admission and Re-Admission (or any interest therein) or enter into any transaction with the same economic effect as any of the foregoing. Following the expiry or earlier waiver of these lock-up restrictions, and the further lock-up restrictions and orderly market provisions described below, Newco will be entitled to sell the Zegona Shares it holds in the market and would use the proceeds of any sale to pay accrued dividends on and /or redeem the Vodafone Preference Shares.

Provided that no loan or commitment under the corporate bridge facility is outstanding, the Holder is entitled to transfer the Vodafone Preference Shares to any third party (subject to that third party fulfilling certain tax-related requirements and the Holder providing 30 days' notice to the Company). Following a transfer of the Vodafone Preference Shares to a party outside the Vodafone Group, Newco will be prohibited from disposing of any of its Zegona Shares for a period of six months from the date of such transfer (subject to limited exceptions and provided that such period shall not exceed the date that is three years after Completion). For the first two years following expiry of the applicable lock-up period, Newco will be entitled to dispose of its Zegona Shares provided that it (i) appoints a broker from a list pre-agreed with the Company in connection with such disposal; and (ii) only disposes of the Zegona Shares in accordance with the advice of such broker to ensure that the proposed disposal does not prejudice the maintenance of an orderly market of the Zegona Shares. Such restrictions shall cease to apply after expiry of the two year period or, three years following Completion if earlier.

Placing and retail offer

Zegona intends to target a raise of between €300 million and €600 million via an institutional placing of New Zegona Shares to investors in the near term which is expected to be launched prior to Completion, subject to market conditions. Zegona will also consider an offer of up to €8 million of New Zegona Shares via the PrimaryBid platform. The Company is proposing to issue New Zegona Shares to provide funding for the Acquisition at £1.50 per New Zegona Shares. The equity raise is not a condition of the transaction. Vodafone has agreed to provide up to €900 million to NewCo through the Vodafone Financing to support that fundraising demonstrating its continued confidence in the business. The amount of the Vodafone Financing will decrease by €1 for every €2 of gross proceeds raised in the Placing above €400 million. Zegona will make a further announcement in relation to the equity fundraising in due course.

Dividend policy

Following Completion, Zegona intends to pay a 2 per cent. initial dividend yield target with a progressive dividend policy³.

General Meeting

The issue of the New Zegona Shares in the Conditional Subscription and the Placing requires the approval of Zegona Shareholders. In addition, given the Conditional Subscription may result in NewCo holding up to 98.83 per cent. of the Zegona Shares upon Re-Admission (if the Placing has not occurred before then) and a minimum of 56.59 per cent. of the Zegona Shares upon Re-Admission, the issue of New Zegona Shares to NewCo in the Conditional Subscription requires the Rule 9 Waiver to be approved by Independent Zegona Shareholders.

Details of the General Meeting and the circular will be available on Zegona's website, www.Zegona.com in due course.

Shareholder support for the Acquisition

The Directors and management have given irrevocable undertakings to vote in favour of the Transaction Resolutions which in aggregate represent 25.83 per cent. (0.03 per cent. in respect of the resolution relating to the Rule 9 Waiver) of the entire issued share capital of Zegona.

Board recommendation for the Acquisition

The Boards of Directors of both Zegona and Vodafone have unanimously approved the Transaction and the Board of Directors of Zegona has resolved to recommend that the Zegona Shareholders (and, in respect of the Rule 9 Waiver, the Non-executive Directors of Zegona recommend to the Independent Zegona Shareholders only) vote in favour of the Transaction Resolutions.

Suspension of Listing

Should the Acquisition complete, it will constitute a reverse takeover under the Listing Rules and accordingly the Company will need to apply for the re-admission of its shares to the standard listing segment of the Official List and the Main Market of the London Stock Exchange on the basis that the FCA approves the eligibility of the Company, following completion of the Acquisition as a result of the reverse takeover, in accordance with Listing Rule 5.6.21. As the Company is currently unable to provide a full disclosure under Listing Rule 5.6.15, the admission of the Existing Zegona Shares to the standard listing segment of the Official List and trading from the London Stock Exchange remains suspended pending the publication of a prospectus providing further detail on Vodafone Spain and the Company's group as enlarged by the Acquisition.

Reverse Takeover

Should the Acquisition complete, it will constitute a reverse takeover under the Listing Rules and accordingly the Company will need to apply for the re-admission of Zegona Shares to the standard listing segment of the Official List and the Main Market of the London Stock Exchange on the basis that the FCA approves the eligibility of the group, as enlarged by the Acquisition as a result of the reverse takeover, in accordance with Listing Rule 5.6.21.

The Company intends in due course to publish a Prospectus in connection with:

- the Admission of the New Zegona Shares; and
- the Re-Admission of the issued and to be issued Zegona Shares upon Completion.

Deutsche Numis is acting as lead financial advisor to Zegona. ING Bank, UBS and UniCredit Bank also advised Zegona. Deutsche Bank Aktiengesellschaft, ING Bank N.V., Sucursal en España and UniCredit Bank AG are leading the financing in connection with the Acquisition and acting as bookrunners and Deutsche Bank AG, Filiale Luxembourg, ING Bank N.V., Sucursal en España and UniCredit Bank AG are acting as underwriters of the debt financing. Deutsche Numis is acting as global co-ordinator and joint bookrunner, with Canaccord, ING and UniCredit acting as joint bookrunners in connection with the planned equity fundraising. Zeus Capital Limited provided advice to the Non-executive Directors of Zegona in connection with the Rule 9 Waiver.

Travers Smith LLP is acting as legal counsel to Zegona in connection with the Acquisition and Milbank LLP is acting as legal counsel to Zegona in connection with the debt funding. Allen & Overy LLP is acting for the bookrunners and underwriters in connection with the debt funding and Simmons & Simmons LLP is acting for the global co-ordinator and joint bookrunners in connection with the planned equity fundraising.

Non-IFRS financial information

Vodafone Spain uses, and the Enlarged Group will use, certain measures to assess the financial performance of its business. Certain of these measures are termed "non-IFRS" measures because they exclude amounts that are included in, or include amounts that are excluded from, comparable financial measures calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. These non-IFRS measures include:

“Business Cash Flow” is defined as Business EBITDAaL less capex (excluding license and Spectrum fees). The calculation of Business Cash Flow is set out below:

	Year ended		
	31 March 2023	31 March 2022	31 March 2021
Business EBITDAaL	1,286,264	1,314,458	1,312,640
Capex	(883,110)	(1,397,667)	(1,136,162)
Adjusted for license and Spectrum fees ¹	8,001	366,575	8,514
Business Cash Flow	411,155	283,366	184,992

Note:

- In FY22, Vodafone Spain received the concession for the exclusive use of 700 MHz for the expansion of 5G services for a period of 20 years and automatically renewable for a further 20 years for a concession fee amounting to €350 million. Because Spectrum auctions are infrequent and no 5G auctions are expected in the foreseeable future, Business Cash Flow has been adjusted to exclude license and Spectrum fees from capex in order to present what the Directors believe is a more normalised view of the underlying cash generating performance of the business during the period under review.

“Business Cash Flow Margin” is defined as Business Cash Flow divided by total revenue.

“Business EBITDAaL” is defined as Vodafone Group Spain segment’s reported Adjusted EBITDAaL adjusted in line with Zegona’s accounting policy relating to subscriber acquisition costs. Business EBITDAaL is a different measure to Vodafone Spain’s Adjusted EBITDAaL and is a measure Zegona management considers appropriate to assess the underlying operating performance and profitability of Vodafone Spain.

A reconciliation of Business EBITDAaL to Adjusted EBITDAaL as reported in the historical financial information prepared for the purposes of the Transaction is set out below:

	Three months ended Year ended		
	31 March 2023	31 March 2022	31 March 2021
Vodafone Group Spain segment’s Adjusted EBITDAaL ¹	946,800	957,376	968,152
Add: Alignment to Zegona Group’s accounting policy relating to subscriber acquisition costs	339,464	357,082	344,488
Business EBITDAaL	1,286,264	1,314,458	1,312,640
Add: Sundry and Vantage adjustments ²	59,075	40,438	116,520
Less: Intercompany recharges for certain services and for the use of certain Vodafone Group assets ³	(243,469)	(252,026)	(223,800)
Adjusted EBITDAaL	1,101,870	1,102,870	1,205,360

Notes:

- Reflects the Adjusted EBITDAaL⁴ for the Vodafone Group Spain segment. For the financial year ending 31 March 2021, Vantage remained part of the Vodafone Group Spain segment for the full year, resulting in a further €76 million of Adjusted EBITDAaL in the reported results which is not reflected in the base figures presented above. From the financial year ending 31 March 2022 and onwards, Vantage was reported as a standalone operating segment under the new Vodafone Group segmental reporting structure, therefore there is no difference between the figures presented above and the Vodafone Group Spain segment result for 2022.
- Sundry and Vantage adjustments relate to: incorporation of the result of Vantage up to the date of disposal by Vodafone Group; amortisation of the gain on disposal of Vantage (credited in the Vodafone Group financial statements to “Other expenses”); and an adjustment to reflect the reduced depreciation charge of Vantage right-of-use assets impaired in the Vodafone Group financial statements, as well as other minor adjustments.
- Intercompany recharges for the use of certain Vodafone Group services are recorded as an expense in the historical financial information of Vodafone Spain and relate to Vodafone Group recharges for the use of certain assets (utilised by Vodafone Spain but owned by other entities within the Vodafone Group) use of brand, interagency fees, insurance services and margin included in the Vodafone Group financial statements. These items are recognised below Adjusted EBITDAaL in the Vodafone Spain segment’s historical financial information. Post-Completion, certain of these services provided by other Vodafone Group companies will be covered by the Intercompany Agreements, certain services are expected to be procured from other third parties and certain services will be terminated.

Total costs of the intercompany agreements (comprised of both fixed and variable costs) in the first full financial year following Completion are not expected to exceed €110m. The services to be provided under the Intercompany Agreements going forward were historically included within the Vodafone Group Spain Segment Adjusted EBITDAaL.

- (4) The cost structure post-Completion is expected to differ as some of these services will be provided on a different basis and others will be terminated, as negotiated under the Intercompany Agreements.

This Announcement also refers to Zegona's return on "Net Invested Capital". Return on Zegona's Net Invested Capital was calculated as the percentage by which Zegona's underlying asset value implied by the sale of Euskaltel to MásMóvil exceeded Zegona's Net Invested Capital at that time. Zegona's Net Invested Capital represented the net amount of all shareholder subscriptions less all returns to shareholders, including dividends, capital returns and share buy-backs since Zegona's initial quotation on the AIM Market of London Stock Exchange in March 2015 until the business day before announcement of the offer by MásMóvil to acquire Euskaltel. As at 26 March 2021, Zegona's Net Invested Capital was £198.5 million. Zegona's underlying asset value implied by the sale of Euskaltel to MásMóvil was £1.70 per Zegona Share, which was calculated as the pound sterling equivalent of the value of Zegona's investment in Euskaltel at the sale price of €11.17 per share, an amount of contingent consideration payable to Zegona of €8.654 million and Zegona's estimated cash and cash equivalents net of its bank borrowings as at 26 March 2021, divided by the total number of Zegona Shares outstanding at the time of 216,004,975, translated where relevant using a £/€ exchange rate of 1.168.

Notes to announcement:

- 1 Business EBITDAaL is a non-IFRS measure and is defined as Vodafone Group Spanish segment's Adjusted EBITDAaL adjusted in line with Zegona's accounting policy relating to subscriber acquisition costs. Business EBITDAaL is a different measure to Vodafone Spain's Adjusted EBITDAaL and is a measure Zegona management consider appropriate to assess the underlying operating performance and profitability of Vodafone Spain. A reconciliation to Adjusted EBITDAaL can be found at the end of this Announcement.
- 2 2.9x leverage based on €3.7bn senior debt and FY23 Business EBITDAaL of €1.3bn (assuming equity issue size of €600 million); 3.0x leverage based on €3.9bn senior debt and FY23 Business EBITDAaL of €1.3bn (assuming equity issue size of €300 million).
- 3 This is a target and not a forecast. Zegona intends to pay a stable initial dividend in the first two financial years following Completion, depending on, amongst other things, the performance of the business and regulatory and financing requirements. Zegona is targeting an initial level of dividend which would provide a yield of 2 per cent. per annum based on an offer price of £1.50 in this initial period.
- 4 Defined as operating profit after depreciation on lease-related right of use assets and interest on lease liabilities but excluding depreciation, amortisation and gains/losses on disposal of owned assets and excluding share of results of equity accounted associates and joint ventures, impairment losses, restructuring costs arising from discrete restructuring plans, other income and expense and significant items that are not considered by management to be reflective of the underlying performance of the Vodafone Group.

Defined Terms:

Acquisition	the acquisition of Vodafone Spain by the Buyer pursuant to the Acquisition Agreement;
Acquisition Agreement	the sale and purchase agreement entered into on 31 October 2023 between the Company, Zegona Limited, the Buyer and the Seller in respect of the Acquisition;
Admission	the admission of the New Zegona Shares to the standard listing segment of the Official List and to trading on the Main Market;
Announcement	this announcement;
ARPU	Average Revenue Per User;
Banks	Deutsche Bank, Deutsche Bank, Filiale Luxembourg, Deutsche Numis, UBS, Canaccord, ING and UniCredit;
Buyer	Zegona Bidco, S.L.U., a company registered before the Commercial Registry of Madrid under Volume 45,651, Page 60, Sheet M-802,704, with Spanish Tax ID Number (CIF) B56308877, which has been incorporated for the purposes of entering into the Acquisition Agreement;
Canaccord	Canaccord Genuity Limited;
Circular	the Zegona Shareholder circular in respect of the General Meeting;
Completion	completion of the Acquisition;
Conditional Subscription	the conditional subscription for New Zegona Shares by Newco pursuant to the Conditional Subscription and Relationship Agreement;
Conditional Subscription and Relationship Agreement	the conditional subscription and relationship agreement dated 31 October 2023 between the Company and Newco;
Debt Funding	the new debt funding arrangements in respect of the Acquisition;
Debt Underwriters	Deutsche Bank, Filiale Luxembourg, ING Bank N.V., Sucursal en España and UniCredit Bank AG;
Deutsche Bank	Deutsche Bank AG;
Deutsche Numis	Deutsche Bank AG, acting through its London branch (which is trading for these purposes as Deutsche Numis);
Enlarged Group	the Zegona Group, as at and from Completion, as enlarged by Vodafone Spain;
Euskaltel	Euskaltel, S.A.;
EV	enterprise value;
Exchange Rate	the pound sterling/Euro exchange rate on the date prior to the closing of the Placing or, if the Placing does not complete, such rate on the date prior to Completion;
Existing Zegona Shares	the existing Zegona shares of £0.01 each in issue as at the date of this Announcement;
FCA	the Financial Conduct Authority of the United Kingdom or any successor body;
FTTH	fibre to the home;
General Meeting	the general meeting of the Company expected to be held at 11 a.m. on 15 November 2023 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL;
Holder	the holder of Vodafone Preference Shares from time to time;

IFRS	the International Financial Reporting Standards;
Independent Zegona Shareholders	the Zegona Shareholders, other than Newco, the directors of Newco (including their close relatives and the related trusts of any of them) and the shareholder of Newco;
ING	ING Bank N.V. and ING Bank N.V., Sucursal en España;
Intercompany Agreements	the transitional services and other agreements to be entered into in connection with the Acquisition, full details of which will be set out in the Prospectus;
Listing Rules	the listing rules of the FCA made in accordance with section 73A of FSMA as amended from time to time;
London Stock Exchange	London Stock Exchange plc;
Main Market	the Main Market of the London Stock Exchange;
MásMóvil	MásMóvil Ibercom, S.A.;
NewCo	EJLSHM Funding Limited, a new company incorporated in England and Wales with company number 15228873, solely for the purposes of the funding of the Acquisition;
New Zegona Shares	the new Zegona Shares to be issued in connection with the Offer;
Offer	the offer of New Zegona Shares pursuant to the Conditional Subscription and, if made, the Placing;
Offer Price	£1.50 per New Zegona Share;
Official List	the Official List of the FCA;
Orange	Orange S.A. and its subsidiaries;
Placing	the institutional placing of New Zegona Shares;
PRA	Prudential Regulatory Authority or any successor body;
Promissory Note	the promissory note issued by Newco in favour of Zegona in connection with the subscription for the New Zegona Shares in the Conditional Subscription;
Prospectus	the prospectus to be published by the Company in connection with the Admission and Re-Admission;
Re-Admission	the re-admission upon Completion of all the Zegona Shares in issue immediately prior to Completion, including the New Zegona Shares, to the standard listing segment of the Official List and to trading on the Main Market;
Rule 9 Waiver	the ordinary resolution to approve the waiver of any requirement under Rule 9 of the City Code for Newco to make a general offer to Zegona Shareholders as a result of obtaining Zegona Shares representing up to 98.83 per cent. of the enlarged ordinary share capital of the Company as at Admission;
Seller	Vodafone Europe B.V., a company incorporated in the Netherlands with company number 27166573, being the seller under the Acquisition Agreement;
Telecable	Parselaya, S.L.U. and its subsidiaries;
Transaction	the Acquisition and related transactions, including the Separation, the Offer and Admission;
Transaction Resolutions	the resolutions to be voted on by Zegona Shareholders at the General Meeting;
UBS	UBS AG, London Branch;

UniCredit	UniCredit Bank AG, Milan Branch;
United States	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
US Securities Act	the U.S. Securities Act of 1933, as amended;
Vantage	Vantage Towers, S.L.U.;
Vodafone Financing	the Vodafone financing to be provided through an investment in Vodafone Preference Shares, the proceeds of which will be used to subscribe for Zegona Shares at £1.50 per share;
Vodafone Group	Vodafone Group Plc and its subsidiaries but excluding, from Completion, Vodafone Spain;
Vodafone Preference Shares	the cumulative preference shares in NewCo to be issued to the Seller pursuant to the preference share subscription agreement executed by Newco on 31 October 2023;
Vodafone Spain	Vodafone Holdings Europe, S.L.U and its subsidiaries;
Zegona Group	the Company and its subsidiaries from time to time;
Zegona Shareholders	a holder of Zegona Shares; and
Zegona Shares	the Existing Zegona Shares together with the New Zegona Shares.

IMPORTANT INFORMATION

This Announcement is an announcement and not a circular or prospectus or equivalent document and prospective investors should not make any investment decision on the basis of its contents. A shareholder circular containing the Transaction Resolutions to be voted on by Zegona Shareholders and a notice of General Meeting is expected to be sent to Zegona Shareholders today and the Prospectus in relation to Admission and Re-Admission will be published in due course.

Neither this Announcement nor any copy of it may be taken or transmitted directly or indirectly into or from any jurisdiction where to do so would constitute a violation of the relevant laws or regulations of such jurisdiction. Any failure to comply with this restriction may constitute a violation of such laws or regulations. Persons into whose possession this Announcement or other information referred to herein should inform themselves about, and observe, any restrictions in such laws or regulations.

Nothing in this Announcement constitutes an offer of securities for sale in any jurisdiction. Neither this Announcement nor any part of it constitutes or forms part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any of the Company's securities in the United States, Canada, Australia, Japan or South Africa or any other jurisdiction in which the same would be unlawful. The securities of the Company may not be offered or sold in the United States absent registration under the US Securities Act, or an exemption therefrom. The securities referred to herein have not been and will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, taken up, resold, transferred or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with any applicable securities laws of any state or other jurisdiction of the United States. There has not been and will be no public offer of the Company's securities in the United States.

'Deutsche Numis' is a trading name used by certain investment banking businesses of Deutsche Bank AG ("Deutsche Bank"), Numis Securities Limited and Numis Europe Limited in the United Kingdom and Ireland, Numis Securities Limited and Numis Europe Limited are members of the group of companies controlled by Deutsche Bank AG. Deutsche Bank AG is a stock corporation (Aktiengesellschaft) incorporated under the laws of the Federal Republic of Germany, with its principal office in Frankfurt. It is registered with the district court (Amtsgericht) in Frankfurt am Main under No HRB 30 000 and licensed to carry on banking business and to provide financial services. The London branch of Deutsche Bank AG is registered in the register of companies for England and Wales (registration number BR000005) with its registered address and principal place of business at Winchester House, 1 Great Winchester Street, London EC2N 2DB. Deutsche Bank AG subject to supervision by the European Central Bank (ECB), Sonnemannstrasse 22, 60314, Frankfurt am Main, Germany, and the German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht or BaFin), Graurheindorfer Strasse 108, 53117 Bonn and Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main, Germany. With respect to activities undertaken in the United Kingdom, Deutsche Bank AG is authorised by the Prudential Regulatory Authority (the "PRA"). It is subject to regulation by the FCA and limited regulation by the PRA. Details about the extent of Deutsche Bank AG's authorisation and regulation by the PRA are available from Deutsche Bank AG on request. Numis Securities Limited is authorised and regulated by the FCA in the United Kingdom. Numis Europe Limited trading as Numis is regulated by the Central Bank of Ireland. UBS AG London Branch (the "UBS") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland and authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. UBS is authorised and regulated by the Financial Market Supervisory Authority in Switzerland and authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. Canaccord is authorised and regulated by the FCA in the United Kingdom. ING Bank N.V. is supervised by the European Central Bank (ECB). The Dutch Central Bank (De Nederlandsche Bank) and the Netherlands Authority for the Financial Markets (AFM). UniCredit Bank AG is a universal bank with its registered office and principal place of business in Arabellastrasse 12, Munich, Germany. It is entered under HRB 42148 in the B section of the Commercial Register Maintained by Munich Local Court. UniCredit Bank AG is an affiliate of UniCredit S.p.A., Milan, Italy (ultimate parent company). UniCredit Bank AG is subject to regulation by the European Central Bank and Federal Financial Supervisory Authority (BaFin). UniCredit Bank AG, Milan Branch is regulated by Banca d'Italia, the Commissione Nazionale per le Società la Borsa (CONSOB) and the Federal Financial Supervisory Authority (BaFin). Details about the extent of UniCredit Bank AG's regulation are available on request.

Each of the Banks is acting exclusively for the Company and no one else in connection with the Acquisition, the contents of this Announcement or any other matters described in this Announcement.

None of the Banks will regard any other person as its client in relation to the Acquisition, the content of this Announcement or any other matters described in this Announcement and nor will any of them be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person in relation to the Acquisition, the content of this Announcement or any other matters referred to in this Announcement.

Zeus Capital Limited, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Zegona in connection with the Rule 9 Waiver and for no one else in connection with the matters described in this Announcement and will not be responsible to anyone other than Zegona for providing the protections afforded to its clients or for giving advice in relation to such transactions.

Certain statements contained in this Announcement are forward-looking statements and are based on current expectations, estimates and projections about the expected effects of the Transaction on the Zegona Group, Vodafone Spain and the Enlarged Group, the anticipated timing and benefits of the Transaction, the Zegona Group's and Vodafone Spain's anticipated standalone or combined financial results and outlook, the industry and markets in which the Zegona Group, Vodafone Spain and, the Enlarged Group operate and the beliefs, and assumptions made by the Directors. Words such as "expects", "should", "intends", "plans", "believes", "estimates", "projects", "may", "targets", "would", "could" and variations of such words and similar expressions are intended to identify such forward-looking statements and expectations. These statements are based on the current expectations of the management of the Company, Vodafone Spain or Vodafone Group (as the case may be) and are subject to uncertainty and changes in circumstances and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. As such, forward-looking statements should be construed in light of such factors. Neither the Company, Vodafone Spain, nor any of their respective associates or directors, proposed directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur or that if any of the events occur, that the effect on the operations or financial condition of the Company, Vodafone Spain or the Enlarged Group will be as expressed or implied in such forward-looking statements. Forward-looking statements contained in this Announcement based on past trends or activities should not be taken as a representation that such trends or activities will necessarily continue in the future. In addition, these statements are based on a number of assumptions that are subject to change. Such risks, uncertainties and assumptions include, but are not limited to: the satisfaction of the conditions to the Transaction and other risks related to Completion and actions related thereto; the Company's and Vodafone Group's ability to complete the Transaction on the anticipated terms and schedule; the tax treatment of the Transaction; risks relating to any unforeseen liabilities of the Company or Vodafone Spain; future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, losses and future prospects of the Company, Vodafone Spain and the Enlarged Group; business and management strategies and the expansion and growth of the operations of the Company, Vodafone Spain and the Enlarged Group; the ability to successfully realise expected operational improvement from the Transaction; the effects of government regulation on the businesses of the Company, Vodafone Spain or the Enlarged Group; the risk that disruptions from the Transaction will impact the Vodafone Spain business; and the Company's, Vodafone Group or Vodafone Spain plans, objectives, expectations and intentions generally, as well as other factors described in the Risk Factors to be set out in the Prospectus, once published. However, it is not possible to predict or identify all such factors. Consequently, while the list of factors presented here is considered representative, no such list should be considered to be a complete statement of all potential risks and uncertainties. The forward-looking statements contained in this Announcement speak only as of the date of this Announcement. The Company, its directors, the Banks, their respective affiliates and any person acting on its or their behalf each expressly disclaim any obligation or undertaking to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by applicable law or regulation, the FCA or the London Stock Exchange.

This Announcement refers to "Business EBITDAaL" and "Business Cash Flow", the calculation of which will differ from the methodology of calculating EBITDAaL and cash flow used by other firms of companies in the Zegona Group's and Vodafone Spain's industry.

No statement in this Announcement is intended to be a profit forecast or profit estimate for any period, and no statement in this Announcement should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Company or Vodafone Spain for the current or future financial years would necessarily match or exceed the historical published earnings,

earnings per share or income, cash flow from operations or free cash flow for the Company or Vodafone Spain.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Announcement.

This Announcement has been issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by any Bank or by any of their respective affiliates or any person acting on its or their behalf as to, or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

The contents of this Announcement are not to be construed as legal, business, financial or tax advice. Each investor or prospective investor should consult their or its own legal adviser, business adviser, financial adviser or tax adviser for legal, financial, business or tax advice.

Completion of the Transaction is subject to the satisfaction (or waiver, where applicable) of a number of conditions as referenced elsewhere in the Announcement, Consequently, there can be no certainty that Completion will be forthcoming.

This Announcement has been prepared for the purposes of complying with applicable law and regulation in the United Kingdom and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.

