Target Business Unaudited Condensed Consolidated Interim Historical Financial Information

CONDENSED CONSOLIDATED INTERIM HISTORICAL FINANCIAL INFORMATION OF VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES

For the three-months ended 30 June 2023

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

		For the three-months ended 30 June	
	Notes	**Unaudited 2023 €000**	**Unaudited 2022 €000**
Revenue	2	**964,782**	**987,527**
Supplies		(260,102)	(287,331)
Corporate costs	7	(71,130)	(69,192)
Other expenses		(293,276)	(259,971)
Net credit losses on financial assets		(24,303)	(31,200)
Depreciation, amortisation and impairment losses		(410,789)	(416,782)
Operating Loss		**(94,818)**	**(76,949)**
Finance income		14	26
Finance costs		(48,599)	(19,774)
Loss for the period before income tax		**(143,403)**	**(96,697)**
Income tax credit	3	-	-
Loss for the period attributable to equity holders of the parent		**(143,403)**	**(96,697)**
Loss per share	4		
– Basic		(0.16)	(0.11)
– Diluted		(0.16)	(0.11)

The accompanying Notes are an integral part of the unaudited Condensed Consolidated Interim Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	Unaudited As at 30 June 2023 €000	Audited As at 31 March 2023 €000
Assets			
Non-current assets			
Intangible assets	8	1,199,241	1,223,487
Property, plant and equipment	9	4,561,125	4,640,611
Other investments		2,320	1,913
Trade and other receivables		164,127	145,452
		5,926,813	**6,011,463**
Current assets			
Inventory		51,159	34,370
Taxation recoverable		287	371
Trade and other receivables		761,519	1,042,427
Cash and cash equivalents		5,131	4,479
		818,096	**1,081,647**
Total assets		**6,744,909**	**7,093,110**
Equity and Liabilities			
Equity			
Share capital	4	903,194	903,194
Share-based payment reserve		(15,157)	(13,745)
Accumulated losses		(195,383)	(53,670)
Total equity attributable to equity holders of the parent		**692,654**	**835,779**
Non-current liabilities			
Borrowings		4,247,340	4,265,488
Deferred tax liabilities		3,240	3,240
Provisions		156,669	149,633
Trade and other payables		46,139	47,506
		4,453,388	**4,465,867**
Current liabilities			
Borrowings		426,832	366,985
Provisions		24,795	29,316
Trade and other payables		1,147,240	1,395,163
		1,598,867	**1,791,464**
Total equity and liabilities		**6,744,909**	**7,093,110**

The accompanying Notes are an integral part of the unaudited Condensed Consolidated Interim Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital €000	Share-based payment reserve €000	Accumulated losses €000	Total equity €000
Balance at 1 April 2022	**903,194**	**(11,469)**	**144,557**	**1,036,282**
Loss for the period attributable to equity holders of the parent	-	-	(96,697)	(96,697)
OCI	-	-	3,456	3,456
Share-based payments [1]		(4,268)	-	(4,268)
Balance at 30 June 2022	**903,194**	**(15,737)**	**51,316**	**938,773**

	Share capital €000	Share-based payment reserve €000	Accumulated losses €000	Total equity €000
Balance at 1 April 2023	**903,194**	**(13,745)**	**(53,670)**	**835,779**
Loss for the period attributable to equity holders of the parent	-	-	(143,403)	(143,403)
OCI	-	-	1,690	1,690
Share-based payments [1]	-	(1,412)	-	(1,412)
Balance at 30 June 2023	**903,194**	**(15,157)**	**(195,383)**	**692,654**

1 Share-based payments comprise of the charge of the awarded shares, measured at fair value as described in Note 20 of the Historical Financial Information, and the payment as noted in the consolidated statement of cash flows.

The accompanying Notes are an integral part of the unaudited Condensed Consolidated Interim Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	For the three-months ended 30 June Unaudited 2023 €000	 Unaudited 2022 €000
Inflow from operating activities	**5**	**56,924**	**101,285**
Cash inflows/(outflows) from investing activities		**56,879**	**(72,877)**
Purchase of intangible assets		(94,210)	(89,545)
Purchase of property, plant and equipment		(133,432)	(163,472)
Purchase of investments		(502)	-
Disposal of property, plant and equipment and intangible assets		26	3,581
Disposal of investments		95	-
Net amounts received on intercompany loan receivables		284,902	176,559
Cash outflows from financing activities		**(113,151)**	**(30,958)**
Repayment of leases		(98,487)	(119,992)
Settlement of share-based payment by parent company		(2,998)	(5,960)
Net amounts (paid) / received on intercompany loans		(11,666)	94,994
Net cash inflow/(outflow)		**652**	**(2,550)**
Cash and cash equivalents at beginning of the period		4,479	4,642
Cash and cash equivalents at end of the period		**5,131**	**2,092**

The accompanying Notes are an integral part of the unaudited Condensed Consolidated Interim Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES

Notes to the Condensed Consolidated Interim Historical Financial Information

1. Basis of preparation

Background to the transaction

As announced on 31 October 2023, Vodafone Group Plc has agreed to sell the entirety of its Spanish business to Zegona Communications Plc (‘the Acquirer’) which, subject to the satisfaction of certain conditions, is expected to complete between January and March 2024.

The transaction perimeter includes the trading entities (Vodafone España S.A.U., Vodafone ONO S.A.U. Vodafone Servicios, S.L.U. and Vodafone Energía S.L.U) and the holding company (Vodafone Holdings Europe S.L.U.) of the Spanish business (together the ‘Vodafone Spain Group’. The details of the entities are described in Note 24 of the Historical Financial Information for the period ended 31 March 2023.

The following financial information set out in the Condensed Consolidated Interim Historical Financial Information which has been derived from the Spanish business accounting records for the periods ending 30 June 2023 and 2022.

Basis of preparation

This Condensed Consolidated Interim Historical Financial Information has been prepared for the three-month period ended 30 June 2023 and 2022 and has been prepared specifically for the purposes of this prospectus and in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

The Condensed Consolidated Interim Historical Financial Information should be read in conjunction with the Historical Financial Information for the three-year ended 31 March 2023 which have been prepared in accordance with the UK-adopted International Accounting Standards (‘UK-adopted IAS’). However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since 31 March 2023.

The accounting policies and methods of computation adopted are the same as those of the Historical Financial Information for the three-year ended 31 March 2023, as described therein.

The Condensed Consolidated Interim Historical Financial Information do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 (the “Companies Act”).

Going concern

Vodafone Group Plc has expressed its continuing financial support to maintain adequate financial resources to the Vodafone Spain Group to enable the Vodafone Spain Group to meet its liabilities as and when they become due, should that be necessary, for at least the period to 31 December 2024 or until the completion of its sale of the Vodafone Spain Group to Zegona, whichever occurs first. Consequently, and having considered the overall position of the Vodafone Group set out in its Annual Report and Accounts for the year end 31 March 2023, the Zegona Directors are satisfied the Vodafone Spain Group has the ability to continue as a going concern during the period until completion of the acquisition.

The going concern assessment has been performed for the period to 31 December 2024 and on the basis that the acquisition of the Vodafone Spain Group by Zegona completes. The acquisition will be funded by:

- Net proceeds from an equity raise, consisting of underwritten placing proceeds of €0.3 billion and a subscription by EJLSHM Funding Limited of € 0.9 billion.
- An underwritten financing package of up to €4.2 billion, which comprises a term loan facility of up to €0.5 billion and a corporate bridge facility of up to €3.7 billion.

The bridge loan is for a term of 12 months, with two 6-month extension options being available at the discretion of the Zegona Directors. This equity funding and debt financing have been taken into account for the purposes of the going concern assessment, with the transaction not proceeding without both debt and equity raises taking place. A financial covenant is attached to the underwritten financing package, however this is first measured on 31 March 2025 and hence is not applicable during the assessment period. In assessing whether the going concern assumption is appropriate, the Zegona Board considered the group cash flow forecasts of the Vodafone Spain Group following Completion of the Combination between Zegona and Vodafone Spain Group under various scenarios, identifying risks and mitigating factors and ensuring the Combined Group has sufficient funding to meet its current and contracted commitments as and when they fall due for the going concern assessment period. Such risks include increases to competition within the Spanish telecommunications sector, a failure to control customer churn rates or an increase in the cost base.

The Zegona Directors consider the preparation of the Historical Financial Information on a going concern basis to be appropriate. This is due to the following key factors:

- Operational performance for the period from 1 July 2023 to 31 October 2023 remains in line with previous reported performance levels and management forecasts, therefore supporting the free cash flows which have been modelled in the base case
- In addition to the equity raise and underwritten financing package described above, undrawn revolving credit facilities of €500m will be available to Zegona at transaction close
- As a result of the operating cash flows generated, the Zegona Directors’ base case forecasts and stress test scenarios show that the revolving credit facility is sufficient to meet working capital requirements.

Basis of preparation (continued)

Going concern (continued)

The Zegona Directors have assessed the going concern assumptions during the approval of the Historical Financial Information. The assessment includes the review of the Combined Group's cashflow forecast and budget, which included considerations on expected developments in liquidity, debt and capital. The Zegona Directors have also combined their selected sensitivities which include revenue reductions and increases in operating and capital expenditure assumptions and interest rates to arrive at potential severe but plausible downside scenarios and stress tests in concluding that the Combined Group is able to continue in operation throughout the going concern assessment period. In all plausible scenarios modelled, the Target Group continues to have sufficient liquidity and headroom throughout the going concern period.

The Zegona Group directors have also identified a number of mitigating actions that, under severe downside scenarios, the Zegona Group directors would aim to take to improve liquidity, such as the deferral or cancellation of non-committed capital spend, or the use of factoring arrangements.

The Zegona Directors have concluded that on the basis of the forecasts described above, and after taking into account the net proceeds of the equity fundraise and the funds available under the underwritten financing package, the Combined Group will continue in operational existence for the period to 31 December 2024. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the historical financial information.

1.1 Critical Accounting judgements and key sources of estimation uncertainty

The critical accounting judgements and estimates disclosed in the Historical Financial Information remain unchanged.

Judgements relating to potential indicators of impairment

The Group performs its annual impairment test for goodwill as at 31 March. At interim reporting periods the Group performs a review to identify any indicator of impairment that may indicate that the carrying amount of the Group's cash generating unit ('CGU') may not be recoverable.

Capitalisation of customer-related intangible assets

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

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

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

Neither IFRS 15, nor IAS 1 provide specific guidance on the presentation of assets arising from capitalised customer-related costs. Management considers that these contract costs are similar in nature to intangibles assets under IAS 38. This conclusion is based on the fact that customer contracts and customer relationships could be considering identifiable intangible assets. Management considers that the purpose of the commission payments is to incentivise the agent to identify the customer and persuade them to sign the contract. Therefore, the commissions paid to staff and agents forms part of the cost of acquiring these intangible assets.

Customer-related assets is a component of the intangible assets and, amortised over the contract life; typically, this is over the customer contract period as new commissions are payable on contract renewal.

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

1.2 Significant accounting policies applied in the current reporting period that relate to the Condensed Consolidated Interim Historical Financial Information as a whole

1.2.1 New accounting pronouncements to be adopted

The accounting policies adopted are consistent with those of the previous financial period. New standards or interpretations which were mandatory for the Group beginning 1 April 2023 did not have a material impact on the net assets or results of the Group. Further details are provided in the historical financial information.

2. Revenue disaggregation

Revenue disaggregation and segmental statement of comprehensive income analysis

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

The table below presents Revenue:

	Three-months ended 30 June	
	2023	**2022**
	€000	**€000**
Service revenue	870,706	897,940
Equipment revenue	77,962	66,914
Revenue from contracts with customers	**948,668**	**964,854**
Interest revenue	3,060	6,441
Other revenue	13,054	16,232
Total revenue	**964,782**	**987,527**

Performance metrics

Non-GAAP measure	Purpose	Definition
Adjusted EBITDA	Adjusted EBITDA and adjusted Obitual is used in conjunction with financial measures such as operating profit to assess the Group's operating performance and profitability. It is a key external metric used by the investor community to assess performance of the Group's operations.	Adjusted EBITDA is operating profit excluding net interest, depreciation, amortisation (including amortisation of customer-related intangible assets), and gains/losses on disposal of owned and leased assets, 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 Group. Adjusted EBITDAaL includes the impacts on lease-related right of use assets and interest on lease liabilities.

A reconciliation of adjusted EBITDA and adjusted EBITDAaL, the Group's measures of segment performance, to the Group's profit or loss before taxation for the financial period is shown below.

	Three-months ended 30 June	
	2023	**2022**
	€000	**€000**
Adjusted EBITDA	**332,465**	**341,879**
Depreciation and gain on disposal of leased assets[1]	**(105,222)**	**(107,554)**
Interest on lease liabilities	(8,856)	(7,668)
Adjusted EBITDAaL	**218,387**	**226,657**
Restructuring costs[1]	(37,171)	(1,251)
Interest on lease liabilities	8,856	7,668
Loss on disposal of owned assets	(2,051)	(795)
Depreciation owned assets	(168,249)	(186,856)
Amortisation of owned assets	(37,575)	(37,101)
Amortisation of customer-related intangible assets	(77,015)	(85,271)
Operating loss	**(94,818)**	**(76,949)**
Net financing costs	(48,585)	(19,748)
Loss before taxation	**(143,403)**	**(96,697)**

[1]Restructuring costs include an impairment charge of €18,855 thousand (Nil for the three months ended 30 June 2022) relating to the reassessment of the useful lives of certain leased assets and €3,872 thousand (Nil for the three months ended 30 June 2022) relating to the reassessment of the useful lives of certain owned assets as part of the Group's restructuring plan.

Revenue disaggregation (continued)

Restructuring costs comprises certain restructuring plans, including staff reductions, the outsourcing of retail channels and optimisation of the retail structure, reorganisation of spaces, and others, to reduce cost and improve the efficiency of the Group.

Segmental analysis

The Group operates with a single segment since all the Group companies are focused on providing telecommunications services under a common network and strategic decisions are independent of the Group's structure.

3. Taxes

Income tax expense is recognised based on management's estimate of the annual income tax rate expected for the full financial year. The resulting tax charge in the interim periods was nil due to the impact of unrecognised tax losses. The losses do not expire, and no deferred tax asset is recognised for these losses due to the trading environment in Spain.

Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'

The amendments provide a temporary exemption from accounting for deferred taxes in jurisdictions applying the OECD International Tax Reform. The amendments also include specific reporting requirements to help investors to get a better understanding of the tax exposure derived from the reform, before the amendment enters into force, although these disclosures are not required for the interim periods of 2023.

The Group has applied exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

This amendment requires companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

The Group's financial reporting is presented in accordance with the above new amendment from 1 April 2023. This amendment did not result to have a material impact on the condensed consolidated statement of comprehensive loss, condensed consolidated statement of financial position or condensed consolidated statement of cash flows.

4. Loss per share

Basic loss per share is the amount of losses generated for the three-month period attributable to equity holders divided by the weighted average number of shares in issue during the period.

	Three-months ended 30 June	
	2023 €000	**2022 €000**
(Loss) for basic and diluted losses per share	**(143,403)**	**(96,697)**
	thousands	**thousands**
Weighted average number of shares for basic earnings per share	**903,194**	**903,194**
	eurocents	**eurocents**
Basic and diluted loss per share from operations	**(0.16)**	**(0.11)**

The share capital of Vodafone Holdings Europe, S.L.U is represented by 903,194,000 fully subscribed and paid up ordinary registered shares of €1 par value each.

5. Reconciliation of net cash flow from operating activities

The table below shows how the loss for the period from continuing operations translates into cash flows generated from operating activities.

	Three-months ended 30 June	
	2023	**2022**
	€000	**€000**
Loss for the financial period	**(143,403)**	**(96,697)**
Financing income	(14)	(26)
Financing costs	48,599	19,774
Operating loss	**(94,818)**	**(76,949)**
Adjustment for:		
Share-based payments and other non-cash charges	3,286	5,152
Depreciation, amortisation and impairment losses	410,752	416,782
Loss on disposal of property, plant and equipment and intangible assets	2,048	797
(Increase)/decrease in inventory	(16,790)	3,747
Increase in trade and other receivables	(25,239)	(58,833)
Decrease in trade and other payables	(175,363)	(170,746)
Interest received	14	26
Interest paid	(47,050)	(18,618)
Cash generated by operations	**56,840**	**101,358**
Net tax received (paid)	84	(73)
Net cash flow from operating activities	**56,924**	**101,285**

6. Fair value of financial instruments

The table below sets out the financial instruments held at fair value by the Group:

	30 June 2023	31 March 2023
	€000	**€000**
Financial assets at fair value: Trade receivables at fair value through other comprehensive income (included in 'Trade and other receivables')		
Non-current	66,018	49,086
Current	79,304	64,425
Total	**145,322**	**113,511**

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

The fair value of the Group's financial assets held at amortised cost approximates to their respective fair values.

7. Employees

The cost incurred in respect of these employees (including Directors) and recognised as 'corporate costs' in the income statement was:

	Three-months ended 30 June	
	2023	**2022**
	€000	**€000**
Wages and salaries	52,671	51,917
Social security costs	15,190	13,951
Other pension costs	1,661	1,632
Share-based payments	1,586	1,692
Restructuring	22	-
Total	**71,130**	**69,192**

8. Intangible assets

The intangible assets decrease is related to the usual commercial activities of the Group.

	License and spectrum fees €000	Computer software €000	Customer-related intangible assets €000	Other €000	Total €000
Net book value					
Cost	1,653,362	858,737	474,939	732	2,987,770
Accumulated amortisation	(923,318)	(584,838)	(255,435)	(692)	(1,764,283)
At 31 March 2023	**730,044**	**273,899**	**219,504**	**40**	**1,223,487**
At 1 April 2023	730,044	273,899	219,504	40	1,223,487
Additions	-	19,113	72,037	-	91,150
Disposals	-	(806)	-	-	(806)
Amortisation charge	(12,993)	(24,546)	(77,015)	(36)	(114,590)
At 30 June 2023	**717,051**	**267,660**	**214,526**	**4**	**1,199,241**
Cost	1,653,362	871,346	456,247	732	2,981,687
Accumulated amortisation	(936,311)	(603,686)	(241,721)	(728)	(1,782,446)
At 30 June 2023	**717,051**	**267,660**	**214,526**	**4**	**1,199,241**

9. Property, plant and equipment

The property, plant and equipment assets decrease is related to the usual commercial activities of the Group.

	Land and buildings €000	Equipment, fixtures and fittings €000	Total €000
Net book value			
Cost	285,322	11,536,616	11,821,938
Accumulated depreciation and impairment	(162,830)	(8,028,050)	(8,190,880)
At 31 March 2023	**122,492**	**3,508,566**	**3,631,058**
At 1 April 2023	**122,492**	**3,508,566**	**3,631,058**
Additions	230	86,401	86,631
Disposals	-	(1,265)	(1,265)
Impairment charge	(3,872)	-	(3,872)
Depreciation charge	(4,267)	(163,982)	(168,249)
At 30 June 2023	**114,583**	**3,429,721**	**3,544,304**
Cost	285,373	11,597,194	11,882,567
Accumulated depreciation and impairment	(170,790)	(8,167,473)	(8,338,264)
At 30 June 2023	**114,583**	**3,429,721**	**3,544,304**

On 30 June 2023, Vodafone Spain communicated to its employees a plan, to be executed during the second quarter of financial year ending 31 March 2024, to optimize the use of spaces in the headquarters premises. This event resulted in an impairment charge of €18,855 thousand relating to the reassessment of the useful lives of certain leased assets and €3,872 thousand relating to the reassessment of the useful lives of certain owned assets that has been recognised in the condensed consolidated interim historical financial information for the period that ended 30 June 2023.

Property, plant and equipment (continued)

Right-of-use assets arising from the Group's lease arrangements are recorded within property, plant and equipment:

	30 June 2023 €000	31 March 2023 €000
Property, plant and equipment (owned assets)	3,544,304	3,631,058
Right-of-use assets	1,016,821	1,009,553
Total	**4,561,125**	**4,640,611**

10. Related party transactions

Transactions and balances with related parties primarily comprise fees for the use of products and services, roaming and brand.

	Three-months ended 30 June 2023 €000	2022 €000
Transactions with related parties		
Sales of goods and services	49,751	51,629
Purchase of goods and services	(225,392)	(218,158)
Operating expense (non-lease component)	(10,979)	(10,979)
Financing income	2,086	16
Financing costs	(40,646)	(10,129)
Purchase of tangible and intangible assets	(2,793)	(2,803)

Balances with related parties	30 June 2023 €000	31 March 2023 €000
Trade balances owed:		
by related parties	48,557	40,402
to related parties	(132,476)	(194,209)
Lease liabilities	(506,451)	(528,078)
Other balances owed:		
by related parties	81,433	366,334
to related parties	(3,201,421)	(3,196,405)

Transactions with Directors of the Group other than compensation

During the three-months ended 30 June 2023 and as of the date of issuance of these Condensed Consolidated Interim Historical Financial Information, no Director nor any other executive officer, nor any associate of any Director or any other executive officer, was indebted to the Group. During the three-months ended 30 June 2023 and as of the date of issuance of these selected Condensed Consolidated Interim Historical Financial Information, the Group has not been a party to any other material transaction, or proposed transactions, in which any member of the key management personnel (including Directors, any other executive officer, senior manager, any spouse or relative of any of the foregoing or any relative of such spouse) had or was to have a direct or indirect material interest.

11. Commitments

Note 22 'Commitments' to the Group's Historical Financial Information outlined the Group's commitments as at 31 March 2023. There have been no material changes during the three-months ended 30 June 2023.

12. Subsequent Events

Subsequent to the balance sheet date it was announced, during the month of September 2023, that the Chair, Mr. Antonio Manuel da Costa Coimbra will leave the Group. Mário Jorge Soares Vaz has been appointed as the new Chair.

The Group is engaged with ongoing legal disputes in regard to taxation levied upon mobile telephony operators. On 18 October 2023 and 31 October 2023, favourable resolutions to Vodafone Spain were issued by the courts in relation to Vodafone's claims for the 2012 and 2014 calendar years (respectively), resulting in the right to reimbursement (including associated interest) totalling €81 million. Legal disputes in relation to other years remain ongoing. No amounts have been recognised for reimbursements or associated interest in connection with the tax disputes as at 30 June 2023.

On 31 October 2023, the Vodafone Group Plc group signed an Acquisition Agreement for the sale of the entire issued share capital of Vodafone Holdings Europe S.L.U. to Zegona Communications Plc. Pursuant to the Acquisition Agreement, Zegona Communications Plc will pay to Vodafone Group Plc an amount of consideration of €5 billion on completion, which is subject to adjustments as set out in the Acquisition Agreement. The purchase price is based on an enterprise value of €5 billion. Completion is subject to the satisfaction (or waiver, where applicable) of a number of conditions, including, amongst other things, the Council of Ministers (Consejo de Ministros) of the Spanish Government in respect of foreign direct investment into Spain, the approval of the Secretariat under the Ministry of Economic Affairs and Digital Transformation of the transfer of relevant concessions for the private use of the public radioelectric domain and approval being granted by the shareholders of Zegona Communications Plc.