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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 EBITDAaL[1] 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)				

	Three months ended		Year ended		
	30 June 2023	30 June 2022	31 March 2023	31 March 2022	31 March 2021
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 million[2]. 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.

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 policy[3].

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:

1. 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**
		€'000	
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:

(1) Reflects the Adjusted EBITDAaL[4] 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.

(2) 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.

(3) 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 ("**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.