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OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES

€1,300,000,000 6.750% Senior Secured Notes due 2029
$900,000,000 8.625% Senior Secured Notes due 2029

issued by

Zegona Finance plc

and guaranteed on a senior secured basis by

Zegona Holdco Limited

and certain of its subsidiaries

Zegona Finance plc, a public limited liability company incorporated under the laws of England and Wales (the "**Issuer**"), is offering €1,300,000,000 aggregate principal amount of its 6.750% senior secured notes due 2029 (the "**Euro Notes**") and $900,000,000 aggregate principal amount of its 8.625% senior secured notes due 2029 (the "**Dollar Notes** " and, together with the Euro Notes, the "**Notes**"). The Issuer is a direct wholly owned subsidiary of Zegona Holdco Limited, a private limited liability company incorporated under the laws of England and Wales (the "**Company**"), which will guarantee the Notes as described below.

The gross proceeds of this offering will be used by the Issuer to provide one or more proceeds loans to the Company on the Issue Date (as defined herein) and the Company will use the proceeds therefrom, together with borrowings under the New Senior Facilities (as defined herein) and cash on balance sheet, to repay amounts outstanding under the Bridge Facility (as defined herein) used to finance the acquisition of Vodafone Spain (as defined herein) and pay costs and expenses incurred in connection with the Transactions (as defined herein). See "*Use of Proceeds*."

The Euro Notes will bear interest at a rate of 6.750% per annum. The Euro Notes will mature on July 15, 2029. The Issuer will pay interest on the Euro Notes semi-annually in arrear on January 15 and July 15 of each year, commencing on January 15, 2025. Prior to July 15, 2026, the Issuer will be entitled, at its option, to redeem all or a portion of the Euro Notes by paying a "make-whole" premium. At any time on or after July 15, 2026, the Issuer may redeem all or part of the Euro Notes at the redemption prices set forth in this offering memorandum (the "**Offering Memorandum**"). In addition, prior to July 15, 2026, the Issuer may redeem, at its option, up to 40% of the original aggregate principal amount of the Euro Notes (including the aggregate principal amount of any additional Euro Notes issued) at the redemption prices set forth in this Offering Memorandum with the net cash proceeds from certain equity offerings so long as at least 50% of the original aggregate principal amount of the Euro Notes (including any additional Euro Notes), issued under the Indenture (as defined herein) remain outstanding. Prior to July 15, 2026, the Issuer may redeem up to 10% of the original aggregate principal amount of the Euro Notes (including the aggregate principal amount of any additional Euro Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount thereof. See "*Description of the Notes—Optional Redemption*." Additionally, upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase the Euro Notes. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Euro Notes.

The Dollar Notes will bear interest at a rate of 8.625% per annum. The Dollar Notes will mature on July 15, 2029. The Issuer will pay interest on the Dollar Notes semi-annually in arrear on January 15 and July 15 of each year, commencing on January 15, 2025. Prior to July 15, 2026, the Issuer will be entitled, at its option, to redeem all or a portion of the Dollar Notes by paying a "make-whole" premium. At any time on or after July 15, 2026, the Issuer may redeem all or part of the Dollar Notes at the redemption prices set forth in this Offering Memorandum. In addition, prior to July 15, 2026, the Issuer may redeem, at its option, up to 40% of the original aggregate principal amount of the Dollar Notes (including the aggregate principal amount of any additional Dollar Notes issued) at the redemption prices set forth in this Offering Memorandum with the net cash proceeds from certain equity offerings so long as at least 50% of the original aggregate principal amount of the Dollar Notes (including any additional Dollar Notes), issued under the Indenture (as defined herein) remain outstanding. Prior to July 15, 2026, the Issuer may redeem up to 10% of the original aggregate principal amount of the Dollar Notes (including the aggregate principal amount of any additional Dollar Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount thereof. See "*Description of the Notes—Optional Redemption*." Additionally, upon certain events defined as constituting a change of control or upon certain asset sales, the Issuer may be required to make an offer to purchase the Dollar Notes. In the event of certain developments affecting taxation, the Issuer may elect to redeem all, but not less than all, of the Dollar Notes.

In connection with any tender offers for any series of Notes, if holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of such Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes of such series (excluding any early tender or incentive fee).

The Notes will be senior secured obligations of the Issuer, rank *pari passu* in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including under the New Senior Facilities Agreement (as defined herein), the Senior Facilities Agreement (as defined herein) and certain hedging agreements, rank senior in right of payment to all of the Issuer's existing and future obligations that are expressly subordinated in right of payment to the Notes, be effectively senior to all of the existing and future obligations of the Issuer that are not secured by the Collateral (as defined herein), to the extent of the value of such Collateral, be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligations and be structurally subordinated to any existing and future obligations of subsidiaries of the Company (other than the Issuer) that do not guarantee the Notes. The Notes will be guaranteed on a senior secured basis on the Issue Date (as defined herein), and subject to the Agreed Security Principles, by the Company, Zegona Bidco S.L.U. and Zegona Finance LLC (the "**Initial Guarantors**," and such guarantees by the Initial Guarantors, the "**Initial Guarantees**"). As soon as reasonably practicable after the Issue Date and in any event within 120 days from the Issue Date, and subject to the Agreed Security Principles, the Notes will be guaranteed on a senior secured basis by certain of the Company's subsidiaries (the "**Post-Issue Date Guarantors**" and, together with the Initial Guarantors, the "**Guarantors**" and, such guarantees, the "**Post-Issue Date Guarantees**" and, together with the Initial Guarantees, the "**Notes Guarantees**"). The Guarantors will also guarantee on a senior secured *pari passu* basis obligations under the New Senior Facilities Agreement and the Senior Facilities Agreement.

On the Issue Date, and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Initial Guarantees will be secured on a first-priority basis by security interests in the Initial Collateral (as defined herein). In addition, as soon as reasonably practicable after the Issue Date and in any event within 120 days from the Issue Date, subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes and the Notes Guarantees will be secured on a first-priority basis by the Post-Closing Collateral (as defined herein and, together with the Initial Collateral, the "**Collateral**"). The Collateral will also secure on a first-priority basis the obligations of the Issuer and the Guarantors under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging agreements. Under the terms of the Intercreditor Agreement, in the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral on a *pari passu* basis with the lenders under the New Senior Facilities Agreement and the Senior Facilities Agreement, creditors of certain other indebtedness entitled to rank *pari passu* with the Notes in the enforcement proceeds and counterparties to certain hedging agreements. The Notes Guarantees and the security interests in the Collateral may be released under certain circumstances. The validity and enforceability of the Notes Guarantees and the security interests over the Collateral and the enforcement thereof will be subject to certain significant limitations as described in "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral.*" Subject to the terms of the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. This Offering Memorandum includes more detailed information on the terms of the Notes and the Notes Guarantees, including redemption and repurchase prices, security, covenants, events of default and transfer restrictions.

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market thereof. There can be no assurance, however, that such listing will be maintained. This Offering Memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectuses for securities dated July 16, 2019.

Investing in the Notes involves a high degree of risk. Please see "*Risk Factors*" beginning on page 57 of this Offering Memorandum.

The Euro Notes will be in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof and the Dollar Notes will be in registered form in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will be represented on issue by one or more global notes that will be delivered through Euroclear SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"), as applicable (in the case of the Euro Notes) and The Depository Trust Company ("**DTC**") (in the case of the Dollar Notes), on July 17, 2024 (the "**Issue Date**"). Interests in each global note will be exchangeable for definitive notes only in certain limited circumstances. See "*Book-Entry, Delivery and Form*."

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Issue price for the Euro Notes: 100% plus accrued interest from the Issue Date.
Issue price for the Dollar Notes: 100% plus accrued interest from the Issue Date.

The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act, or the laws of any other jurisdiction. The Notes and the Notes Guarantees may not be offered or sold within the United States, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act ("Rule 144A"), or outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act ("Regulation S"). You are hereby notified that sellers of the Notes and the Notes Guarantees may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See "*Plan of Distribution*" and "*Transfer Restrictions*" for additional information about eligible offerees and transfer restrictions.

The date of this Offering Memorandum is July 22, 2024.

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NOTICE TO INVESTORS

None of the Issuer, the Guarantors, the Initial Purchasers (as defined below) nor any of their respective affiliates has authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this Offering Memorandum. You must not rely on unauthorized information or representations. This Offering Memorandum does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. The information in this Offering Memorandum is current only as of the date on the cover page, and may change after that date. For any time after the cover date of this Offering Memorandum, neither the Issuer nor any of the Guarantors represents that its affairs or the affairs of the Group (as defined herein) are the same as described or that the information in this Offering Memorandum is correct, nor does it imply those things by delivering this Offering Memorandum or selling securities to you. The Notes are being offered only in places where offers and sales are permitted.

IN CONNECTION WITH THE OFFERING OF THE EURO NOTES, DEUTSCHE BANK AKTIENGESELLSCHAFT (THE "**EURO NOTES STABILIZING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE EURO NOTES STABILIZING MANAGER), MAY OVER ALLOT THE EURO NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE EURO NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE EURO NOTES STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE EURO NOTES STABILIZING MANAGER) WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE EURO NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE EURO NOTES.

IN CONNECTION WITH THE OFFERING OF THE DOLLAR NOTES, DEUTSCHE BANK SECURITIES INC. (THE "**DOLLAR NOTES STABILIZING MANAGER**", AND TOGETHER WITH THE EURO NOTES STABILIZING MANAGER, THE "**STABILIZING MANAGERS**") (OR PERSONS ACTING ON BEHALF OF THE DOLLAR NOTES STABILIZING MANAGER), MAY OVER ALLOT THE DOLLAR NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE DOLLAR NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE DOLLAR NOTES STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE DOLLAR NOTES STABILIZING MANAGER) WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE DOLLAR NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE DATE ON WHICH THE ISSUER RECEIVED THE PROCEEDS OF THE ISSUE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE DOLLAR NOTES.

The Notes are being offered in reliance on exemptions from the registration requirements of the U.S. Securities Act. The Notes have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other securities commission or regulatory authority, nor has the SEC or any such securities commission or authority passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offense in the United States.

This Offering Memorandum is being provided for informational use solely in connection with consideration of a purchase of the Notes (i) to investors that the Issuer, the Guarantors and the Initial Purchasers reasonably believe to be "**qualified institutional buyers**" as defined in Rule 144A, and (ii) to certain persons in offshore transactions complying with Rule 903 or Rule 904 of Regulation S. Its use for any other purpose is not authorized.

This Offering Memorandum is for distribution only to persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant

persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the "**EEA**") or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the debt securities described in this Offering Memorandum or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling such debt securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in any member state of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

References to Regulations or Directives include, in relation to the UK, those Regulations or Directives as they form part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 or have been implemented in UK domestic law, as appropriate.

Accordingly, any person making or intending to make any offer within the EEA or in the UK of the Notes should only do so in circumstances in which no obligation arises for the Issuer, the Guarantors or any of the Initial Purchasers to produce a prospectus for such offer. None of the Issuer, the Guarantors or the Initial Purchasers has authorized, nor does any of them authorize, the making of any offer of the Notes through any financial intermediary, other than offers made by the Initial Purchasers which constitute the final placement of the Notes contemplated in this Offering Memorandum.

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer target market assessment) and determining appropriate distribution channels.

The Issuer and the Guarantors have prepared this Offering Memorandum solely for use in connection with this offering and for applying to the Luxembourg Stock Exchange for the Notes to be admitted to listing on the Official List of the Luxembourg Stock Exchange and to trading on the Euro MTF Market of the Luxembourg Stock Exchange.

You are not to construe the contents of this Offering Memorandum as investment, legal or tax advice. You should consult your own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of a purchase of the Notes. You are responsible for making your own examination of the Issuer, the Guarantors and the Group and your own assessment of the merits and risks of investing in the Notes. None of the Issuer, the Guarantors, the Initial Purchasers (or their respective affiliates), the Trustee or their respective agents are making any representation to you regarding the legality of an investment in the Notes by you.

The information contained in this Offering Memorandum has been furnished by the Issuer and the Guarantors and other sources they believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers (or their respective affiliates) as to the accuracy or completeness of any of the information set out in this Offering Memorandum, nor do they express any opinion as to the merits of the Notes under this Offering Memorandum. Nothing contained in this Offering Memorandum is or shall be relied upon as, a promise or representation by the Initial Purchasers (or their respective affiliates) as to the past or the future. This Offering Memorandum contains summaries, believed by the Issuer and the Guarantors to be accurate, of some of the terms of specified documents, but reference is made to the actual documents, copies of which will be made available by the Issuer and the Guarantors upon request, for the complete information contained in those documents. Copies of such documents and other information relating to the issuance of the Notes will also be available for inspection upon request at the specified offices of the Issuer and the Guarantors. All summaries of the documents contained

herein are qualified in their entirety by this reference. The contents of our website, and the contents of any other website referred to herein, are not incorporated into this Offering Memorandum and do not form part of it.

The Issuer and the Guarantors (and not the Initial Purchasers or their respective affiliates) accept responsibility for the information contained in this Offering Memorandum. The Issuer and the Guarantors have made all reasonable inquiries and confirmed to the best of their knowledge, information and belief that the information contained in this Offering Memorandum with regard to it, each of its subsidiaries and affiliates, and the Notes are true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held, and that it is not aware of any other facts the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

By receiving this Offering Memorandum, you acknowledge that you have had an opportunity to request from the Issuer for review, and that you have received, all additional information you deem necessary to verify the accuracy and completeness of the information contained in this Offering Memorandum. You also acknowledge that you have not relied on the Initial Purchasers or their respective affiliates in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

No person is authorized in connection with any offering made pursuant to this Offering Memorandum to give any information or to make any representation not contained in this Offering Memorandum, and, if given or made, any other information or representation must not be relied upon as having been authorized by the Issuer, any other member of the Group, the Initial Purchasers (or their respective affiliates), the Trustee (as defined herein) or their respective agents. The information contained in this Offering Memorandum is current at the date hereof. Neither the delivery of this Offering Memorandum at any time nor any subsequent commitment to enter into any financing shall, under any circumstances, create any implication that there has been no change in the information set out in this Offering Memorandum or in the Issuer's, the Guarantors' or the Group's affairs since the date of this Offering Memorandum.

The Issuer and the Guarantors reserve the right to withdraw this offering of the Notes at any time, and each of the Issuer and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to you less than the full amount of Notes subscribed for by you.

The information set forth in relation to sections of this Offering Memorandum describing clearing arrangements, including the section entitled "*Book-Entry, Delivery and Form*," is subject to any change in, or reinterpretation of, the rules, regulations and procedures of Euroclear, Clearstream and/or the DTC, as applicable, currently in effect. While the Issuer and the Guarantors accept responsibility for accurately summarizing the information concerning Euroclear, Clearstream and/or the DTC, as applicable, it accepts no further responsibility in respect of such information. In addition, this Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

The distribution of this Offering Memorandum and the offer and sale of the Notes may be restricted by law in some jurisdictions. See "*Notice to U.S. Investors*," "*Notice to Canadian Investors," "Prohibition of Offers to EEA and United Kingdom Retail Investors," "MIFID II Product Governance/Professional Investors and ECPS only Target Market"* and "*Notice to Certain European Investors.*" Persons into whose possession this Offering Memorandum or any of the Notes come must inform themselves about, and observe, any restrictions on the transfer and exchange of the Notes. See "*Plan of Distribution*" and "*Transfer Restrictions*."

This Offering Memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this Offering Memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. The Issuer, the Guarantors and the Initial Purchasers (or their respective affiliates) are not responsible for your compliance with these legal requirements.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this Offering Memorandum will be issued in the form of one or more global notes, which will be deposited and registered in the name of the nominee of a common depositary for Euroclear and/or Clearstream (in the case of the Euro Notes) or the custodian for the DTC (in the case of the Dollar Notes), as applicable. Beneficial interests in the global notes will be shown on, and transfers of the global notes will be effected only through, records maintained by Euroclear and/or Clearstream (in the case of the Euro Notes) or the DTC (in the case of the Dollar Notes), as applicable and its respective participants. After the initial issuance of the global notes, notes in certificated form will be issued in exchange for the global notes only in the limited circumstances as set forth in the Indenture. See "*Book-Entry, Delivery and Form*."

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Offering Memorandum under "*Transfer Restrictions*." The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and are subject to certain restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act or any other applicable securities laws, pursuant to registration or an exemption therefrom. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*." The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell transfer or deliver, directly or indirectly, any Note to the public.

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("**NI 33-105**"), the Initial Purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

PROHIBITION OF OFFERS TO EEA AND UNITED KINGDOM RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the EEA or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the debt securities described in this Offering Memorandum or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared and therefore offering or selling such debt securities or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in any member state of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of securities. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET

Solely for the purposes of the product approval process of any Initial Purchaser that is a manufacturer, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for such Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such Notes to eligible counterparties and professional clients are appropriate. The target market and distribution channel(s) may vary in relation to sales outside the EEA or in the United Kingdom in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO CERTAIN EUROPEAN INVESTORS

France. This Offering Memorandum has not been prepared in the context of a public offer of financial securities in France within the meaning of Article L. 411-1 of the French *Code Monétaire et Financier* and Title I of Book II of the Règlement Général of the Autorité des marchés financiers (the "**AMF**") and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France (*offre au public de titres financiers*), and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties *(personnes fournissant le service d'investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) acting for their own accounts, as defined in and in accordance with Articles L. 411-1, L. 411-2, D. 411-1, D744-1, D 754-1 and D 764-1 of the French *Code of Monétaire et Financier*. No re-transfer, directly or indirectly, of the Notes in France, other than in compliance with applicable laws and regulations and in particular those relating to a public offer (which are, in particular, embodied in Articles L 411-1, L 411-2, L 412-1 and L 674-8 *et seq*. of the French *Code of Monétaire et Financier* shall be made). Neither this Offering Memorandum nor any other offering material may be distributed to the public in France.

***United Kingdom*.** This Offering Memorandum is for distribution only to, and is only directed at, persons who (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to (d) ("**high net worth companies, unincorporated associations, etc.**") of the Financial Promotion Order, (iii) are outside the United Kingdom or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "**relevant persons**"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this Offering Memorandum or any of its contents.

***Grand Duchy of Luxembourg*.** This Offering Memorandum has not been approved by and will not be submitted for approval to the Luxembourg Supervision Commission of the Financial Sector (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering or sale in Luxembourg. Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertizement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except in circumstances which make a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of July 10, 2005 on prospectuses for securities, as amended (the "**Prospectus Act**") and implementing the Prospectus Directive. Consequently, this Offering Memorandum and any other offering memorandum, prospectus, form of application, advertizement or other material may only be distributed to (i) Luxembourg qualified investors as defined in the Prospectus Act and (ii) no more than 149 prospective investors, which are not qualified investors.

***Germany*.** The Notes may be offered and sold in Germany only in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) as amended, the Commission Regulation (EC) No 809/2004 of April 29, 2004 as amended, or any other laws applicable in Germany governing the issue, offering and sale of securities. This Offering Memorandum has not been approved under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the Prospectus Regulation and accordingly the Notes may not be offered publicly in Germany.

Spain. None of the Notes, the offering or this Offering Memorandum have been approved or registered with the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*) and, therefore, this Offering Memorandum is not intended to be used for any public offer of the Notes in Spain. The Notes may not be offered or sold or distributed in Spain, nor may any subsequent resale of the Notes be carried out or publicity or marketing of any kind be made in Spain in relation to the Notes, except (i) in circumstances that do not qualify as a public offer of securities in Spain in accordance with the Prospectus Regulation and article 35 of the Spanish Securities Market Act ("*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*") as amended and restated (the "**Spanish Securities Market Act**"), or pursuant to an exemption from registration in accordance with Article 26 of the Royal Decree 814/2023 ("*Real Decreto 814/2023, de 8 de noviembre, sobre instrumentos financieros, admisión a negociación, registro de valores negociables e infraestructuras de mercado*"), and supplemental rules enacted thereunder or in substitution thereof from time to time; and (ii) by institutions authorised to provide investment services in Spain under the Spanish Securities Market Act (and related legislation) and Royal Decree 217/2008 of 15 February on the Legal Regime Applicable to Investment Services Companies ("*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*"), as amended or replaced from time to time, and related legislation to provide investment services in Spain and in accordance with the provisions of the Spanish Securities Markets Act and further developing legislation.

Portugal. Neither this offering, nor the Notes have been approved by the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") or by any other competent authority of another member state of the European Union and notified to the CMVM.

Neither the Issuer nor the Initial Purchasers have, directly or indirectly, offered or sold any Notes or distributed or published this Offering Memorandum, any prospectus, form of application, advertizement or other document or information in Portugal relating to the Notes and will not take any such actions in the future or any actions that would permit a public offering of any of the Notes in Portugal or for this Offering Memorandum to be distributed or published in Portugal. Accordingly, no Notes may be offered, sold or distributed, except under circumstances that will not be considered as a public offering under Article 109 of the Portuguese Securities Code (*Código dos Valores Mobiliários*, the "**Cód.VM**") approved by Decree Law 486/99 of November 13, 1999, as last amended by Decree Law 35/2018 of July 20, 2018.

As a result, this offering and any material relating to the Notes are addressed solely to, and may only be accepted by, any person or legal entity that is resident in Portugal or that will hold the Notes through a permanent establishment in Portugal (each a "**Portuguese Investor**") to the extent that such Portuguese Investor (i) is deemed a qualified investor (*investidor profissional*) pursuant to paragraphs 1 and 4 of Article 30 of the Cód.VM, (ii) is not treated by the relevant financial intermediary as a non-qualified investor (*investidor não profissional*) pursuant to Article 317 of the Cód.VM and (iii) does not request the relevant financial intermediary to be treated as a non-qualified investor (*investidor não profissional*) pursuant to Article 317-A of the Cód.VM.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

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CERTAIN DEFINITIONS

Definitions of certain terms and certain financial and operating data can be found below.

"**Acquisition**"	the acquisition of Vodafone Spain by Zegona Bidco pursuant to the Acquisition Agreement, as further described under "*Summary—The Transactions*."
"**Acquisition Agreement**"	the acquisition agreement dated October 31, 2023 and made between the Company, Zegona Bidco and the Seller in relation to the Acquisition.
"**Acquisition Closing Date**"	the date of consummation of the Acquisition, being May 31, 2024.
"**Agreed Security Principles**"	the agreed security principles as set out in a schedule to the New Senior Facilities Agreement as in effect on the Issue Date, as applied, *mutatis mutandis*, with respect to the Notes in good faith by the Company.
"Bridge Facility"	the €3,410 million bridge facility provided under the Senior Facilities Agreement to the Company as borrower, drawn under the Senior Facilities Agreement on the Acquisition Closing Date as part of the financing of the Acquisition, which amount is expected to be repaid and permanently cancelled with the net proceeds from the offering of the Notes and drawings under the New Senior Facilities. See "*Description of Certain Financing Arrangements—Senior Facilities Agreement.*"
"**Clearstream**"	Clearstream Banking, *société anonyme*.
"**CNMC**"	the Spanish National Commission of Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*).
"**Collateral**"	has the meaning ascribed to it under "*Summary—The Offering—Collateral.*"
"**Company**"	Zegona Holdco Limited, a private limited company incorporated under the laws of England and Wales.
"**Completion**"	the completion of the Acquisition on May 31, 2024.
"**Customer SAC**"	the net subscriber acquisition cost per equivalent gross customer addition (as per our estimate).
"**Dollar Notes**"	$900,000,000 aggregate principal amount of 8.625% senior secured notes due 2029 offered hereby.
"**DTC**"	The Depository Trust Company.
"**EU**"	the European Union.
"**euro**" or "**€**"	the euro, the currency of the EU member states participating in the European Monetary Union.

"**Euro Notes**"	€1,300,000,000 aggregate principal amount of 6.750% senior secured notes due 2029 offered hereby.
"**Euroclear**"	Euroclear Bank SA/NV.
"**European Economic Area**" or "**EEA**"	the trading area established by the European Economic Area Agreement of January 1, 1994, comprising the member states of the EU (currently, Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain and Sweden) and Norway, Iceland and Liechtenstein.
"**Euskaltel**"	Euskaltel, S.A.
"**Financial Promotion Order**"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended.
"**Finetwork**"	Wewi Mobile, S.L.U.
"**FSMA**"	the Financial Services and Markets Act 2000, as amended.
"**GDPR**"	the General Data Protection Regulation.
"**Group**," "**we**," "**our**" and "**us**"	unless the context requires otherwise, refer to (i) prior to the Completion, Vodafone Spain and its subsidiaries (controlled by the Vodafone Group) and (ii) following the Completion, the Company and its subsidiaries (controlled by Zegona Communications plc).
"**Guarantors**"	the Company, the other Initial Guarantors and the Post-Issue Date Guarantors.
"**IFRS**"	the UK-adopted international accounting standards.
"**Indenture**"	the indenture, to be entered into on the Issue Date, governing the Notes offered hereby, among, *inter alios*, the Issuer, the Initial Guarantors and the Trustee, and to which the Post-Issue Date Guarantors will accede.
"**Initial Guarantors**"	Company, Zegona Bidco S.L.U. and Zegona Finance LLC.
"**Initial Purchasers**"	refers to Deutsche Bank Aktiengesellschaft, Deutsche Bank Securities Inc., ING Bank N.V., London Branch, UniCredit Bank GmbH, DNB Markets, a division of DNB Bank ASA, Intesa Sanpaolo S.p.A., London Branch, Intesa Sanpaolo IMI Securities Corp., Banco Santander, S.A. and Santander US Capital Markets LLC.
"**Insurance Distribution Directive**"	Directive (EU) 2016/97 of the European Parliament and of the Council of January 20, 2016 on insurance distribution.
"**Intercreditor Agreement**"	refers to the intercreditor agreement dated May 24, 2024 (as amended from time to time), by and among, *inter alios*, the Company, as parent and original debtor, ING Bank N.V., London Branch, as senior facility agent and as security agent,

	and to which the Issuer and the Trustee will accede on the Issue Date.
"**Issue Date**"	the date of issuance of the Notes, expected to be on July 17, 2024.
"**Issuer**".....	Zegona Finance plc, a public limited liability company, organized under the laws of England and Wales and a direct wholly owned subsidiary of the Company.
"**Jazztel**"	Orange Participations UK Limited (formerly Jazztel P.L.C.).
"**Kit Digital program**".....	the Spanish Government's digital toolkit program to boost the digitalization of SMEs, in any sector of economic activity, and raise their level of digital maturity in accordance with the Next Generation EU recovery plan. The program is managed by RED.ES and supported by Vodafone Spain.
"**Lowi**"	the second brand used by Vodafone España.
"**Lyntia**".....	Lyntia Networks S.A.
"**MAETDPF**" or the "**Ministry**".....	the Ministerio *para la Transformación Digital y de la Función Pública* (formerly named MAETD, *Ministerio de Asuntos Económicos y Transformación Digital*).
"**MasMovil**".....	MasMovil Ibercom, S.A.
"**MIFID II**".....	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.
"**Net Invested Capital**"	the net shareholder capital invested in Zegona at the time of the announcement of the sale of Euskaltel.
"**New Senior Facilities**"	the (a) euro-denominated term loan facility and (b) U.S. dollars denominated term facility (comprising €1,288.0 million equivalent in the aggregate) that are, in each case, to be made available under the New Senior Facilities Agreement, under which the Company (in the case of (a)) and Zegona Finance LLC (in the case of (b)) are envisaged to borrow Euro or U.S. dollars senior secured loans (as the case may be) on or around the Issue Date.
"**New Senior Facilities Agreement**".....	the senior facilities agreement governing the New Senior Facilities between, among others, the Company, Zegona Bidco and Zegona Finance LLC, Deutsche Bank Aktiengesellschaft, ING Bank N.V., Sucursal en España and UniCredit Bank GmbH, as mandated lead arrangers, ING Bank N.V., London Branch as agent and ING Bank N.V., London Branch, as security agent (as amended and restated, amended, restated, supplemented or otherwise modified from time to time), expected to be entered into on or prior to the Issue Date. For further information, see "*Description of Certain Financing Arrangements—New Senior Facilities Agreement*."
"**Notes**".....	the Euro Notes and the Dollar Notes.

"**Notes Guarantees**"	the guarantees of the Notes to be issued by the Guarantors on a senior secured basis guaranteeing the Notes.
"**ONO**"	Grupo Corporativo Ono, S.A.
"**Orange**"	Orange S.A. and its subsidiaries.
"**Orange Spain**"	Orange Espagne S.A.U.
"**Paying Agent**"	GLAS Trust Company LLC.
"**Pepephone**"	Pepemobile, S.L., the MVNO subsequently acquired by MasMovil in 2016.
"**Post-Issue Date Guarantors**"	Vodafone Holdings Europe, S.L.U., Vodafone España S.A.U., Vodafone ONO, S.A.U., Vodafone Servicios, S.L.U., Vodafone Energía S.L.U. and VTOR America, S.A.U.
"**PRIIPs Regulation**"	Regulation (EU) No 1286/2014 of the European Parliament and of the Council of November 26, 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs), as amended.
"**Prospectus Regulation**"	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended.
"**Revolving Credit Facility**"	the revolving credit facility of up to €500 million made available to the Company under the Senior Facilities Agreement.
"**Registrar**"	GLAS Trust Company LLC.
"**Regulation S**"	Regulation S promulgated under the U.S. Securities Act.
"**RTSA**"	the reverse transitional services agreement dated May 31, 2024 between Vodafone España and VSSL, a summary of the principal terms and conditions of which are described in "*Description of Our Business—Material Contracts—Transitional Services Agreements*."
"**Rule 144A**"	Rule 144A promulgated under the U.S. Securities Act.
"**SEC**"	the U.S. Securities and Exchange Commission.
"**Security Agent**"	ING Bank N.V., London Branch .
"**Security Documents**"	has the meaning ascribed to it under "*Description of the Notes*."
"**Seller**"	Vodafone Europe B.V., a company with limited liability incorporated in the Netherlands with company number 27166573, being the seller under the Acquisition Agreement.
"**Senior Facilities Agreement**"	the senior facilities agreement dated May 24, 2024, between, among others, the Company and Zegona Bidco, Deutsche Bank Aktiengesellschaft, ING Bank N.V., Sucursal en España and UniCredit Bank GmbH, as mandated lead arrangers, ING

	Bank N.V., London Branch as agent and security agent (as amended and restated, amended, restated, supplemented or otherwise modified from time to time), providing for the Term Facility, the Bridge Facility and the Revolving Credit Facility (together the "**Senior Facilities**"). For further information, see "*Description of Certain Financing Arrangements—Senior Facilities Agreement.*"
"**Spanish Securities Market Act**"	the Law 6/2023, of 17 March, on the Securities Markets and the Investment Services ("*Ley 6/2023, de 17 de marzo, de los Mercados de Valores y de los Servicios de Inversión*") as amended and restated from time to time.
"**Tele2**".....	Tele2 AB.
"**Telecable**".....	Parselaya, S.L.U. and its subsidiaries.
"**Telefónica**"	Telefónica, S.A. and its subsidiaries.
"**Telxius**".....	Telxius Telecom S.A.
"**Term Facility**".....	the €500 million term facility established under the Senior Facilities Agreement.
"**TMT**".....	the European technology, media and telecommunications sector.
"**Totem**".....	Totem Towerco Spain, S.L.U., Orange's Spanish tower company.
"**Transactions**".....	has the meaning ascribed to it in "*Summary—The Transactions*."
"**Transfer Agent**".....	GLAS Trust Company LLC.
"**Transitional Services Agreements**"...	the TSA and RTSA as described in "*Description of Our Business—Material Contracts—Transitional Services Agreements*."
"**Trustee**".....	GLAS Trust Company LLC.
"**TSA**"	the transitional services agreement dated May 31, 2024 between Vodafone Spain and VSSL, a summary of the principal terms and conditions of which are described in "*Description of Our Business—Material Contracts—Transitional Services Agreements*."
"**U.S.**" or "**United States**".....	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.
"U.S. dollars"or "**$**".....	the lawful currency of the United States.
"**U.S. Exchange Act**"	the U.S. Exchange Act of 1934, as amended.
"**U.S. GAAP**".....	generally accepted accounting principles in the United States.

"**U.S. Securities Act**"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
"**Vantage Master Services Agreement**" .	the master services agreement between Vodafone Spain and Vantage Towers entered into on September 24, 2020 (effective dated March 18, 2020) and amended on November 16, 2020 and on March 31, 2023.
"**Vantage Towers**"	Vantage Towers S.L.U., a single-member limited liability company (*sociedad limitada unipersonal*), organized under the laws of Spain with registration number B88623897.
"**Vodafone Energía**"	Vodafone Energía, S.L, a single-member limited liability company (*sociedad limitada unipersonal*), organized under the laws of Spain with registration number B06876510.
"**Vodafone España**"	Vodafone España, S.A.U., a single-member public company (*sociedad ánonima*), organized under the laws of Spain with registration number A80907397.
"**Vodafone Group**"	Vodafone Group Plc and its subsidiaries but excluding, from Completion, Vodafone Spain.
"**Vodafone Intercompany Loans Refinancing**"	has the meaning ascribed to it under "*Summary—The Transactions*."
"**Vodafone Intercompany Refinancing Loan**".....	refers to the intercompany loan of €3,325.5 million made by the Company to Vodafone Spain on the Acquisition Closing Date for the purpose of the Vodafone Intercompany Loans Refinancing.
"**Vodafone ONO**".....	Vodafone ONO, S.A.U., a single-member public company (*sociedad ánonima*), organized under the laws of Spain with registration number A62186556
"**Vodafone Servicios**"	Vodafone Servicios, S.L.U., a single-member limited liability company (*sociedad limitada unipersonal*), organized under the laws of Spain with registration number B87539284.
"**Vodafone Spain**".....	Vodafone Holdings Europe S.L.U., a single-member limited liability company (*sociedad limitada unipersonal*), organized under the laws of Spain with registration number B62399563.
"**Vodafone Spain Group**".....	Vodafone Holdings Europe, S.L.U. and its subsidiaries.
"**VSSL**"	Vodafone Sales & Services Limited.
"**VTOR America S.A.U.**"	VTOR America, S.A.U., a public company (*sociedad ánonima*), organized under the laws of Spain with registration number A19813344.
"**Yoigo**".....	the MNO, Xfera Móviles, S.A.U., acquired by MasMovil in 2016.

"**Zegona**"	Zegona Communications plc, a public limited liability company, organized under the laws of England and Wales with registration number 09395163.
"**Zegona Bidco**".....	Zegona Bidco S.L.U., a limited liability company (*sociedad limitada unipersonal*), organized under the laws of Spain with registration number B56308877, a wholly owned subsidiary of the Company.

GLOSSARY OF SELECTED TERMS

In this Offering Memorandum we use certain industry-specific terms and abbreviations when discussing our business, the meanings of which are indicated below:

"2G"	Second Generation Mobile System, which is based on the GSM universal standard.
"2P"	Double play.
"3G"	Third Generation Mobile System, which is based on the Universal Mobile Telecommunications System (*i.e.*, a mobile cellular system for networks) standard.
"3P"	Triple play.
"4G"	Fourth Generation Mobile System, which is based on the LTE universal standard.
"4P"	Quadplay.
"5G"	Fifth Generation Mobile System.
"6G"	Sixth Generation Mobile System.
"ADSL"	Asymmetric Digital Subscriber Line.
"AI"	Artificial Intelligence.
"ARPA"	Average Revenue Per Account.
"ARPU"	Average Revenue Per User.
"B2B"	Business to business.
"B2C"	Business to consumer.
"BLA"	Brand Licence Agreement.
"Cloud"	The deployment of IT infrastructure on a model that separates applications and/or data from the devices that access these applications or data. The intermediary between the access device and the application and/or data is either a network (public or private), or the internet.
"CPI"	Consumer price index.
"C&H"	Cloud and Hosting.
"convergent" or "converged"	The provision of both mobile and fixed line services.
"dBm"	Decibel milliwatts.
"DOCSIS"	Data Over Cable Service Interface Specification.
"ESG"	Environmental, Social, and Corporate Governance.
"EURIBOR"	The Euro Interbank Offered Rate.
"FTE"	Full-time Employees.
"FTTH"	Fiber-To-The-Home.

"FTTN"	Fiber To The Network.
"fixed broadband"	An ultra fast business internet connection that beams through radio signals. Fixed broadband can give an internet speed of up to 1Gbps.
"Fixed voice"	A voice telephone service of definite quality, provided over a fixed telephone network, between fixed termination points of that network.
"GHz"	Gigahertz.
"GSM"	The Global System for Mobile Communications.
"HFC"	Hybrid Fiber-Coaxial.
"Hosting"	A service through which storage and computing resources are providing to an individual or organization for the accommodation and maintenance of one or more websites and related services.
"IoT"	Internet of things.
"IP"	Internet Protocol.
"IPTV"	IPTV is a system through which television services are delivered using the internet protocol suite over a packet-switched network such as the internet.
"IP-VPN"	Internet Protocol Virtual Private Network.
"IRU"	The Indefeasible Right of Use, a permanent contractual agreement between the owners of a communications system and a customer of that system to use a cable.
"ISIN"	International Securities Identification Number.
"ISO"	International Organization for Standardization.
"LGCA"	General Law on Audiovisual Communication.
"LTE"	Long-term Evolution.
"LTR"	Lifetime Revenue.
"Mbps"	Megabits per second.
"MHz"	Megahertz.
"MNO"	Mobile Network Operator.
"Mobile"	Mobile phone.
"Mobile BB"	Mobile broadband.
"Mobile ARPU" .	Mobile customer revenue divided by average number of customers. In the case of prepaid ARPU, number of active customers.
"Mobile voice" ...	Technology that allows users to control their phones by speaking voice commands.
"MVNO"	Mobile virtual network operator is a company providing mobile phone services directly to its customers without owning key network assets such as a licensed frequency allocation of radio spectrum and the cell tower infrastructure. These assets are leased from a MNO.

"NEBA"	New Broadband Ethernet Service, a wholesale access service.
"NEBA copper" .	The regulated obligation on Telefónica to provide wholesale bitstream access services over copper lines.
"NEBA fiber"	The regulated obligation on Telefónica to provide wholesale services for virtual unbundled access to fiber bitstream.
"NEBA local"	The regulated obligation on Telefónica to provide wholesale services for virtual unbundled access to optical fiber.
"NGA"	Next Generation Access networks including 4G and 5G technology.
"NPS"	Net Promoter Score.
"OneNumber"	A connectivity plan that enables users to share their Vodafone airtime and data allowances across their smartwatches, eSIM-enabled tablets or Alexa devices.
"OTT"	Over-the-top content streaming platforms.
"PayTV"	Subscription-based television services.
"Quadplay"	A bundle of four services such as broadband, television, and mobile and fixed-line voice.
"RAN"	Radio Active Network.
"RTVE"	The Corporación de Radio y Televisión Española.
"SAC"	Subscriber acquisition costs.
"SID"	Senior Independent Director.
"SIM"	Subscriber Identity Module.
"SME"	Small-Medium Enterprises.
"SMS"	Short Message/Messaging Service.
"SOHO"	Small Office/Home Office.
"TBm".....	Tunnel Boring Machines.
"tNPS"	Transactional Net Promoter Score.
"TV"	Television.
"VGE"	Vodafone Global Enterprise.
"VSSL"	Vodafone Sales & Services Limited.

SUBSCRIBER, INDUSTRY AND MARKET DATA

This Offering Memorandum contains statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to our business and markets. Market data and statistics are inherently subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

Where information has been sourced from a third party, it has been accurately reproduced and, so far as we are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading and the source of such information has been disclosed. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. We believe that these industry publications are reliable, but we have not independently verified any of the data from third-party sources. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Offering Memorandum.

Such data and information as presented in this Offering Memorandum may not be comparable to similarly titled data presented by other firms or companies in our industry and the method of calculation may differ across our industry and may be undertaken in different ways between our competitors. We cannot assure you that any of the assumptions underlying any statements regarding our industry are accurate or correctly reflect our position in the industry. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this Offering Memorandum should be viewed with caution and no representation or warranty is given by any person, including us or the Initial Purchasers, as to their accuracy.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains "forward-looking statements," as that term is defined by the U.S. federal securities laws. These forward-looking statements include, but are not limited to, statements other than statements of historical facts contained in this Offering Memorandum, including, but without limitation, those regarding our future financial condition, results of operations and business, our products, acquisitions, dispositions and finance strategies, our capital expenditure priorities, regulatory or technological developments in the market, subscriber growth and retention rates, potential synergies and cost and capex savings, competitive and economic factors, the maturity of our markets, anticipated cost increases, liquidity and credit risk. In some cases, you can identify these statements by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "project," "should," and "will" and similar words used in this Offering Memorandum.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Many of these assumptions, risks and uncertainties are beyond our control. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. We caution readers not to place undue reliance on the statements, which speak only as of the date of this Offering Memorandum, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this Offering Memorandum include those described under "*Risk Factors*."

The following are some but not all of the factors that could cause actual results or events to differ materially from anticipated results or events:

- our failure to implement our strategy, including realizing cost and capex savings and stabilizing revenues;
- our reliance on the Vodafone Group for a period of time for the provision of certain services;
- our inability to obtain the same types, level or costs of benefits, services and resources historically provided by the Vodafone Group;
- our reliance on network sharing agreements;
- the inability of the Intercompany Agreements to provide all services required to operate our stand-alone company;
- our ability to attract and retain key personnel;
- any risks to the future reputation of the Vodafone Group or any successor of the Vodafone Group;
- change of control provisions that may be triggered upon Completion;
- failures in our control of customer churn;
- our failure to generate sufficient cash flow to fund our growth or capital expenditure, ongoing operations and debt service obligations following Completion;
- the risks related to our unionized employees;
- the consolidation in the telecommunications industry in Spain;
- our potential lack of or failure to renew valid permits, concessions, licencses or other agreements;
- the high level of competition in the markets in which we operate, particularly Spain;
- our reliance on network sharing agreements and third parties to access and maintain our infrastructure;
- the concentration of our business in Spain;

- our reliance on third party suppliers and licensors for our OTT and PayTV services;
- our failure to enter new businesses or broaden our existing scope;
- our ability to keep pace with technological changes and evolving industry standards;
- any negative impact on the reputation of and value associated with our brands;
- our reliance on third party suppliers;
- the real and perceived health risks or other problems connected with mobile devices or other technologies used by us;
- the risk of natural disasters, unanticipated network interruptions and other catastrophic events;
- the extent to which the interests of our shareholders may be inconsistent with the interests of the holders of the Notes;
- our ability to comply with anti-trust regulations;
- our ability to operate in a highly regulated market;
- the risk of piracy to our licensed technology;
- the risk of unauthorised access to, or disclosure of, personal data;
- our ability to comply with personal data and data security laws;
- the disruption, failure, cost to establish and ongoing management of our IT systems;
- the risk of legal and arbitration proceedings on our business;
- the impact of criminal, civil, administrative and regulatory proceedings;
- the risk of liability and impact of environmental and health regulations;
- our potential lack of insurance coverage;
- our ability to comply with anti-corruption laws and regulations and economic sanctions programs;
- the impact of changes to tax legislation on our business;
- any change to levels of and reliefs from taxation; and
- other factors related to our indebtedness and financial information, the Notes, our structure, the Notes Guarantees and the Collateral described in more detail under "*Risk Factors*."

The telecommunications industry is changing rapidly and, therefore, the forward-looking statements of expectations, plans and intent in this Offering Memorandum are subject to a significant degree of risk.

We do not undertake any obligation to review or confirm analysts' expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this Offering Memorandum.

We disclose important factors that could cause our actual results to differ materially from our expectations in this Offering Memorandum. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, financial and other conditions, results of operations and the Issuer's ability to make payments under the Notes.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive, and should be read in conjunction with other factors that are included in this Offering Memorandum. See "*Risk Factors*" along with sections of this Offering Memorandum titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Industry, Competition and Market Overview*" and "*Description of Our Business*" for a more complete discussion of the factors that could affect our future performance and the markets in which we operate. All forward-looking statements should be evaluated in light of their inherent uncertainty.

We operate in a competitive and rapidly changing environment. New risks, uncertainties and other factors may emerge that may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on forward-looking statements as a prediction of actual results. Except as required by law or the rules and regulations of any exchange on which our securities are listed, we expressly disclaim any obligation or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Offering Memorandum to reflect any change in our expectations or any change in events, conditions or circumstances on which any forward-looking statement contained in this Offering Memorandum is based.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

References to "**IFRS**" herein are to the UK-adopted international accounting standards.

Financial Statements Presented

Financial Information of the Company

The Issuer, a public limited company organized on April 26, 2024 under the laws of England and Wales, is a wholly owned subsidiary of the Company, a private limited company organized on May 3, 2016 under the laws of England and Wales. As of the date of this Offering Memorandum, the Issuer and the Company have no revenue-generating activities of their own, and no business operations, material assets or liabilities other than those acquired or incurred in connection with their incorporation and the Transactions. As a result, no historical financial information of the Issuer or the Company is included in this Offering Memorandum, except for certain limited "**as adjusted**" financial data presented on a consolidated basis, adjusted to reflect certain effects of the Transactions, including the impact on the cash position, the amount of debt and the interest expense of the Company. The effects of purchase price accounting from the Acquisition have not been reflected in the information presented in this Offering Memorandum.

Historical Financial Information of the Vodafone Spain Group

The historical consolidated financial information presented in this Offering Memorandum is that of Vodafone Spain and its consolidated subsidiaries. Accordingly, unless otherwise stated, all references to "we," "us," our," or the "Vodafone Spain Group" in respect of historical consolidated financial information in this Offering Memorandum are to Vodafone Spain and its consolidated subsidiaries.

This Offering Memorandum includes (i) the historical financial information of the Vodafone Spain Group as of and for each of the years ended March 31, 2021, 2022 and 2023, including the accompanying notes thereto, which have been prepared in accordance with the UK-adopted International Accounting Stardards (the "**UK-adopted IAS**" or **"IFRS**") and have been reported on by Ernst & Young LLP, as reporting accountants, as stated in their report (the "**Historical Financial Information**") and (ii) the unaudited condensed consolidated interim financial statements of the Vodafone Spain Group as of and for the eleven months ended February 29, 2024, including the accompanying notes thereto, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK (the "**Condensed Consolidated Interim Financial Statements**" and, together with the Historical Financial Information, the "**Historical Consolidated Financial Information**").

In addition, this Offering Memorandum also includes certain financial information of the Vodafone Spain Group for the twelve months ended February 29, 2024 (the "**LTM Financial Information**"), which is derived by adding the unaudited condensed consolidated statement of comprehensive income information of the Vodafone Spain for the eleven months ended February 29, 2024 to the audited consolidated income statement information of the Vodafone Spain Group for the financial year ended March 31, 2023 and deducting the unaudited condensed consolidated statement of comprehensive income information of the Vodafone Spain Group for the eleven months ended February 28, 2023. The LTM Financial Information has been presented for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. The LTM Financial Information is not prepared in the ordinary course of our financial reporting or in accordance with IFRS and has not been audited or reviewed in accordance with any generally accepted auditing standards.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to our financial statements, are disclosed in the Historical Consolidated Financial Information and summarized in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates.*"

Non-IFRS Measures

This Offering Memorandum contains certain financial measures and ratios (the "**Non-IFRS Measures**"), including, among others, Adjusted EBITDAaL, Business Cash Flow, Business Cash Flow Margin, Business EBITDAaL, Business EBITDAaL Margin and LTM Financial Information that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards.

We present the Non-IFRS Measures because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental

measures of performance and liquidity. The Non-IFRS Measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries', operating results as reported under IFRS or any other generally accepted accounting standards.

The Non-IFRS Measures may also be defined differently than the corresponding terms governing our indebtedness, including the Indenture (as described under "*Description of the Notes*") and the New Senior Facilities Agreement and the Senior Facilities Agreement (each as described under "*Description of Certain Financing Arrangements*"). The Non-IFRS Measures and ratios, such as Adjusted EBITDAaL, Business Cash Flow, Business Cash Flow Margin, Business EBITDAaL, Business EBITDAaL Margin and LTM Financial Information are not measurements of our, or any of our subsidiaries', performance or liquidity under IFRS or any other generally accepted accounting principles. In addition, the presentation of these Non-IFRS Measures is not intended to, and does not comply with, the reporting requirements of the SEC and will not be subject to review by the SEC. Therefore, investors should not place undue reliance on the Non-IFRS Measures.

In particular, you should not consider any Non-IFRS Measures as a substitute for (a) operating profit or profit for the relevant period (as determined in accordance with IFRS) or as a measure of our, or any of our operating entities', operating performance, (b) cash flows from operating, investing and financing activities as a measure of our, or any of our subsidiaries', ability to meet our liquidity requirements or (c) any other measures of performance under IFRS or other generally accepted accounting standards. In particular, Adjusted EBITDAaL, Business Cash Flow, Business Cash Flow Margin, Business EBITDAaL and Business EBITDAaL Margin have certain limitations as analytical tools, including but not limited to:

- they do not reflect cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital needs;
- they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments;
- although depreciation, amortization and impairment are non-cash charges, the assets being depreciated, amortized and those which are impaired will generally need to be replaced in the future; and
- some of the non-recurring items that we or our operating entities eliminate in calculating Adjusted EBITDAaL, Business Cash Flow, Business Cash Flow Margin, Business EBITDAaL and Business EBITDAaL Margin reflect cash payments that were made, or will in the future be made.

You should compensate for these limitations by relying primarily on the Historical Consolidated Financial Information and using these Non-IFRS Measures only supplementary to evaluate our performance. See "*Risk Factors—Risks Relating to Our Financial Information—This Offering Memorandum includes certain Non-IFRS financial measures calculated using management estimates or projections and they should not be relied upon in isolation when making an investment decision.*"

The Historical Consolidated Financial Information and the LTM Financial Information mentioned above do not indicate results that may be expected for any future period.

In making an investment decision, you must rely upon your own examination of the terms of this offering and the financial information contained in and incorporated by reference in this Offering Memorandum. You should consult your own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences could affect the financial information contained in and incorporated by reference in this Offering Memorandum. For a description of the Non-IFRS Measures referenced in this Offering Memorandum, see "*Summary—Summary Financial Information and Other Data—Other Financial Information*."

Further, sections of this Offering Memorandum compare certain of our costs for the financial year ended March 31, 2023 with comparable costs incurred by Euskaltel in the nine months ended September 30, 2020. We have calculated such figures by taking the Euskaltel costs for the nine months ended September 30, 2020, and annualizing them to provide a comparison to our costs for the financial year ended March 31, 2023 by multiplying by 1.33. Certain of Euskaltel's costs (being subscriber acquisition cost, TV content costs and IT capital expenditure costs) have been inflation-adjusted at an annual inflation rate of 4%. Euskaltel's revenue in 2020 was approximately €697 million compared to our revenue for the financial year ended March 31, 2023 of €3.9 billion.

Euskaltel's benchmark cost figures have been used in this Offering Memorandum as we believe this is the closest comparison given Zegona's status at the time as the major shareholder of Euskaltel at the relevant time applicable

to the cost base set out in this Offering Memorandum. However, given the passage of time, the different size, geographical split and different product mix between the two companies, investors should exercise caution before relying on such comparisons. There is no guarantee that we will be able to implement any of the identified cost reduction actions set out in this Offering Memorandum or that they will have the expected, or any, impact. Zegona's experience of implementing cost-saving measures at Euskaltel does not mean that such cost and capex savings (or any) will be achieved with us.

Adjusted Financial Information

We present in this Offering Memorandum certain unaudited financial information of the Company adjusted to give effect to the Transactions and the use of proceeds therefrom as if they had occurred on February 29, 2024 for the consolidated statement of financial position data and on March 1, 2023 for our consolidated income statement data, including the impact on the cash position, the amount of debt and the interest expense of the Company (the "**Adjusted Financial Information**").

The Adjusted Financial Information is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements or IFRS or any other generally accepted accounting principles. The Adjusted Financial Information is based upon available information and certain assumptions that we believe are reasonable under the circumstances. The assumptions underlying the Adjusted Financial Information have not been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration. The Adjusted Financial Information is not prepared in the ordinary course of our financial reporting. The Adjusted Financial Information is presented for informational purposes only and does not purport to represent what our results of operations or financial condition would have been had the Transactions actually occurred on the date indicated, and they do not purport to project the results of operations or financial condition for any future period or as of any future date.

The Adjusted Financial Information should be read in conjunction with the information contained in "*Summary—Summary Financial Information and Other Data—Adjusted Financial Information*," "*Capitalization*," "*Selected Historical Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" as well as the Historical Consolidated Financial Information and accompanying notes thereto appearing elsewhere in this Offering Memorandum.

Key Performance Indicators

Certain key performance indicators ("**KPIs**") and operational data for Vodafone Spain are presented in this Offering Memorandum. We believe that such data is important to understanding our performance from period to period and that such data facilitates comparison with our peers. However, such data as presented in this Offering Memorandum may not be comparable to similarly titled data presented by other firms or companies in our industry and the method of calculation may differ across our industry. The KPIs are not part of our audited consolidated historical financial information and have not been audited or otherwise reviewed by external auditors, consultants or experts and in certain circumstances are based on our estimates.

Each of the KPIs defined below is utilized by our management to evaluate the performance of our business:

- "Consumer Contract - Converged Customer Accounts" is defined as the number of customer accounts with any combination of services that at least includes one mobile and one fixed line service, that are either provided under a single contract, or under separate contracts for which the customer receives additional benefits on top of the fee they pay for the individual contracts (e.g., discounts, additional bundle allowance, etc.).

- "Mobile Closing Customers" is defined as a Subscriber Identity Module ("**SIM**") customer, or in territories where SIMs do not exist, a unique mobile telephone number assigned to customers that has access to the network for any purpose (including data only usage) except telemetric applications and SIMs used in wearables – gadgets that are meant to be worn by people (e.g., smartwatches)

- "Mobile Contract Closing Customers" is defined as the number of mobile customers with a post-paid contract (excludes prepaid customers SIMs).

SUMMARY

The summary below highlights selected information contained elsewhere in this Offering Memorandum regarding the Group and the Notes. You should read the entire Offering Memorandum carefully, including "Risk Factors" and the Historical Consolidated Financial Information and notes thereto included elsewhere in this Offering Memorandum.

In this section, unless the context otherwise requires, the term "Group," "we," "us" and "our" refers to the Company and its consolidated subsidiaries on or after the date of Completion (controlled by Zegona Communications plc) and Vodafone Spain and its consolidated subsidiaries prior to the date of Completion (controlled by the Vodafone Group).

Overview

We are a leading integrated telecommunications provider of broadband, mobile and TV services and products in Spain, delivering voice, data and other value-added services to over 18 million lines, comprising 16% of the fixed broadband market and 22% of the total mobile market share in Spain (as of September 30, 2023). Our offerings cover both business-to-consumer and business-to-business markets, each with a highly-diversified customer base.

For the twelve months ended February 29, 2024, we generated €3,869 million in total revenue and our Business EBITDAaL amounted to €1,230 million. We operate our business across our Consumer segment (representing 63% of our revenues) and Business segment (representing 33% of our revenues), with the remainder of our revenue generated by wholesale arrangements (representing 4% of our revenues).

Consumer segment

We hold the third-largest market share position in the Spanish consumer market based on number of lines (as of December 31, 2023). Our Consumer segment provides mobile, fixed broadband, fixed voice and TV services to customers across Spain via a multi-brand strategy. Through the Vodafone, Lowi and Finetwork brands, we offer personalized services tailored to the needs of different customers. This multi-brand model for customer service and marketing has allowed us to target all key Spanish customer segments, ranging from premium to value sections of the market. Vodafone is our premium brand, focused on offering superior products and the provision of differentiated PayTV content. Lowi is our digital value brand, focused on providing high-value, lower-cost mobile and fixed broadband services mainly through digital channels. Finetwork is a low-cost fiber and mobile service provider to which we resell our telecommunications services. In May 2024, we agreed a wholesale agreement with Finetwork to provide wholesale access services to its customers under an MVNO model until May 2034, which we do not expect would materially affect our Business EBITDAaL or Business Cash Flow. For the financial year ended March 31, 2023, we derived 74%, 14% and 5% of our Consumer segment service revenue from the Vodafone, Lowi and Finetwork brands, respectively, with the remainder from prepaid mobile.

Business segment

We hold the second-largest market share position in the Spanish business market based on number of lines (as of September 30, 2023). We offer a comprehensive portfolio of business products and services covering connectivity services such as mobile and fixed broadband, as well as additional business services such as IoT, IP-VPN, cyber security and cloud and hosting services. In particular, we are a leading operator in IoT technology, with 5.1 million SIMs as of February 2023, representing an increase of 1 million SIMs compared to March 2022. We also provide secure connectivity through dedicated fiber lines, private 5G mobile networks and digital workplace solutions to business customers. Through the products and services of our Business segment, we address business customers of all sizes, ranging from small home offices to global enterprises. For the year ended March 31, 2023, small office/home offices ("**SOHOs**"), small-medium enterprises ("**SMEs**"), corporates, public administrations and global enterprises represented 29%, 29%, 22%, 12% and 8% of our business revenues, respectively.

We have achieved a significantly converged customer base, driving higher average revenue per user ("**ARPU**") and a lower level of churn. This convergence is reflected in our converged customer revenues, with 70% of total consumer contract customer revenues and 78% of SOHO business revenues being converged for the twelve months ended February 29, 2024.

We deliver a high-quality network experience for our customers through the nationwide mobile network that we operate with extensive 4G and 5G coverage, supported by strong spectrum holdings and a nationwide high-speed broadband fixed–line network offering gigabit speeds, delivered through a combination of owned and wholesale infrastructure. Our mobile network was awarded the umlaut connect Mobile Benchmark "Best in Test" mobile network test award in Spain in 2024.

Our predecessor business operated under the name "Airtel Móvil," launching its commercial operations in 1995 after securing a GSM mobile telephony license in 1994. In 2001, Vodafone Group completed its acquisition of Airtel Móvil, which was subsequently renamed Vodafone Spain. In 2014, Vodafone Spain completed the acquisition of ONO, the largest next generation fixed broadband network in Spain, for a consideration of €7.2 billion, becoming a leading integrated telecommunications provider in Spain. In 2018, Vodafone Spain completed the world's first 5G call. In 2019, Vodafone Spain was the first operator in Spain to connect its clients to a 5G network. In 2021, Vodafone Spain acquired 2x10 MHz of spectrum in the 700 MHz band for €350 million, enabling the acceleration of its 5G deployment.

On October 31, 2023, Vodafone Group Plc entered into the Acquisition Agreement with Zegona for the purchase and sale of 100% of the issued share capital of Vodafone Spain subject to the terms and conditions of the Acquisition Agreement. As of May 31, 2024, following regulatory approvals, Zegona completed the acquisition and Vodafone Spain became a wholly-owned subsidiary of Zegona, which trades on the main market for listed securities on the London Stock Exchange. As of June 21, 2024, the total market capitalization of Zegona Communications plc was €2.3 billion, making it a FTSE 250 telecommunications operator with Vodafone Spain as its only operating business.

Our Competitive Strengths

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

The Spanish telecommunications market is bolstered by a strong and resilient Spanish economy, the fifth largest in the EU with a GDP of €1.6 trillion. The Spanish economy has a positive outlook for the coming years following nominal GDP growth of 8.0% in 2023, with forecast year-over-year nominal GDP growth of 3.6% in 2024 and 4.5% in 2025, which is well above corresponding nominal GDP performance and forecasts for its European peers (including Germany, France, Italy and the Netherlands), the EU and the euro zone.

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 a highly-converged customer base.

In mobile services, the penetration rate continues to increase and was at 124.5% in 2022 compared to just 108.3% in 2012. Total data traffic has also increased exponentially from 0.2 TBm in 2014 to 6.2 TBm in 2022, driven by increased data consumption through mobile devices, particularly through growth in video and streaming services.

In fixed-line services, the number of high-speed consumer fixed broadband lines increased from 10.7 million in 2015 to 15.1 million in 2023. This has been driven by the growing penetration of digital devices and increased customer use of data services, including the increased adoption of video streaming services. With our extensive gigabit fixed broadband network and the ability to provide convergence products to over 90% of customers in Spain, we have a strong competitive advantage.

Furthermore, over the past decade, the Spanish telecommunications market consolidated and rapidly transitioned towards convergence, which has led to a rationalization of the market. Market churn has declined materially from 40.8% in 2014 to 25.1% in 2022, and converged ARPU has stabilized since the first quarter of 2020, partially reflecting the lower churn of customers subscribing for converged services. The market has recently moved from four main operators to three (as a result of the Orange/MasMovil combination), with three operators constituting more than 90% of the Spanish telecommunications market. We believe that the further consolidation in the Spanish telecommunication industry provides potential market and pricing upsides, particularly given the expected indebtedness and debt service costs of the combined Orange/MasMovil group.

Price increases have been introduced by the majority of market players (Orange: +1.6%; MasMovil: +4.9%; Telefónica: +3.1% (for converged bundles) and +8.6% (for mobile only tariffs); Vodafone Spain: +4.4%) in 2024, providing a positive tailwind in the Spanish telecommunications market, supporting revenue growth for the telecommunications operators. Certain operators 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.

A return to more favorable market conditions has been evident in both the fixed and mobile retail sectors in Spain with positive quarterly year-over-year revenue growth rates for Spanish operators of 2.7% in June 2023, 3.1% in September 2023 and 3.0% in December 2023.

In addition, the Spanish Ministry for Digital Transformation and Public Service has extended spectrum concessions awarded prior to 2022 by an average of 10 years at no extra cost to the affected MNOs (Telefonica, Vodafone, Orange and MasMovil). This is expected to impact a total of six concessions awarded prior to the entry into force of the General Telecommunications Law, including 800MHz, 900MHz, 1.8GHz, 2.1 GHz and 2.6 GHz bands, which were previously set to expire in 2028 and 2030. All such concessions will now be extended to 2040, with the 5G-compatible 3.5GHz concessions extended from 2030 to 2040 and 2038 to 2040.

Leading integrated operator with strong market positions in consumer and business markets, a diversified product offering and highly converged customer base across the value spectrum

We are the third largest national telecommunications operator by market share in Spain as of December 31, 2023. We have approximately 18.1 million total lines and are well-positioned across the consumer mobile, fixed broadband, fixed voice and PayTV markets in Spain with market shares of 18.2% in mobile consumer contracts, 15.6% in fixed broadband, 19.1% in PayTV and 29.3% in mobile consumer prepaid, in each case as of December 31, 2023.

Consumer segment

For the year ended March 31, 2023, our Consumer segment generated service revenues of €2,217.1 million, representing 63% of our total service revenue. Our multi-brand strategy allows us to tailor our services to different customers from premium to value sections of the market through the Vodafone, Lowi and Finetwork brands. Our Vodafone brand is our premium brand, with customers valuing Vodafone's premium fixed-line broadband, mobile, and TV offering. Our Vodafone brand is particularly focused on making our customers' lives easier through simple, comprehensive all-in-one bundled customer offerings, superior customer service and a seamless digital experience. In the context of growing demand for value offerings in the Consumer segment, our Lowi brand is well perceived by customers, with a leading NPS of 54 as of December 31, 2023. This is reflected in Lowi's recent expansion of subscribers from approximately 800,000 to approximately 1,100,000 in the last two financial years. Our Lowi brand's vision is to be the best digital telecommunication brand, delivering simplicity and value and providing excellence in customer care and operations. The Finetwork reseller brand leverages our infrastructure to provide mobile and fixed broadband customers with quality services at a low-cost.

A differentiating factor of our offering in the Consumer segment compared to peers is our PayTV service offered through our Vodafone brand, where our excellent product offering includes a wide range of OTT services, movies and television series. We believe we have a market leading PayTV platform delivering a superior customer experience, through our long PayTV heritage. We believe that we are therefore strategically well-positioned to continue to grow our market share in this important segment of the market, which forms a key part of our bundled product offering.

Business segment

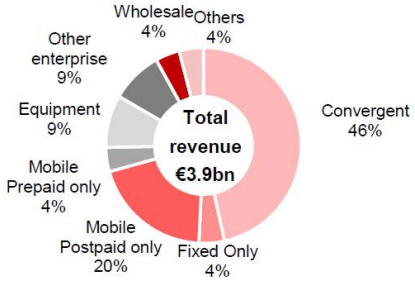
Our Business segment is characterized by a diversified end-market split. We have leading market positions in providing mobile and fixed broadband telecommunications services to SOHO and small and medium-sized enterprises ("**SMEs**"). We are a strong player in the Corporate and Public Administration segments, where we have differentiated offering in new business services including IoT, Internet Protocol Virtual Private Network ("**IP-VPN**") and Cloud and Hosting ("**C&H**"), which have demonstrated good growth, which we believe will continue. We also offer leading telecommunications and new business services to multinational clients, whereby we benefit from our partnership with Vodafone Group branded Vodafone Global Enterprise, which will continue following the Acquisition. In addition, we provide a broad range of advanced and innovative services to businesses through our partnerships with key technology consultancy sector leaders, including Accenture, Deloitte, Foxway, Google, Microsoft, Samsung and Accenture.

Highly converged customer base

We have a strong converged offering, with over 90% of fixed subscribers purchasing converged packages including fixed and mobile services. This convergence is reflected in our significantly converged customer revenues, with 70% of total consumer contract customer revenues and 78% of our SOHO business customers revenues being from converged offers for the twelve months ended February 29, 2024. Convergence is our strategic focus due to the beneficial effects that a highly converged customer base brings to churn and ARPU levels. Converged offerings demonstrate: (i) lower churn rates, increasing customer stickiness and value generation as convergence grows, and (ii) positive effects on pricing with ARPU being significantly higher for converged products compared to single-service customers.

Diversified product offering and customer base

Our revenue is bolstered by high diversification across products and end-markets, benefitting from a highly-diversified customer base, which we believe provides significant downside protection. For the financial year ended March 31, 2023, we achieved €3,907 million in total revenue across the following products:

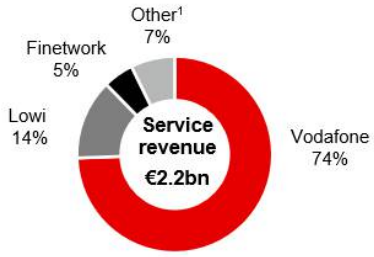


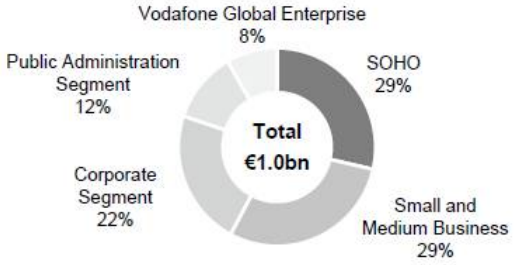
Our service revenue for the financial year ended March 31, 2023 comprised 63% from the Consumer segment, 33% from the Business segment and 4% from other revenues.

We have achieved diversification in the Consumer segment through the growing Lowi brand and aim to achieve further diversification by growing the value-for-money market segment.

We have also achieved diversification in the Business segment where we are active across all customer segments in the Business market and intend to expand our offering in IoT, cloud and hosting, IP-VPN and public administration.

The following charts set forth the Consumer segment service revenue by brand and Business segment service revenue by customer for the financial year ended March 31, 2023:





[1] Other comprises prepaid revenue.

High-quality, next generation mobile and fixed-line gigabit networks

Mobile network

We own and operate a leading mobile network in Spain with extensive 4G and 5G coverage supported by strong spectrum holdings and value-optimizing active and passive sharing agreements. Our mobile network comprises over 19,500 mobile sites, with 99.4% 4G coverage and approximately 77.0% 5G coverage as of February 29, 2024.

Our mobile network has been the recipient of the umlaut connect Mobile Benchmark "Best in Test" mobile network test award for eight consecutive years between 2015 and 2022, and in 2024.

Our mobile network also benefits from sizeable spectrum holdings, with approximately 26% of total market spectrum across the high, mid and low frequencies as of February 29, 2024. We have the highest spectrum ownership relative to our customer base in Spain. This spectrum holding allows us to provide a higher quality network experience for our customers by avoiding congestion, providing higher coverage and enabling improved network efficiency due to higher capacity.

In addition, we benefit from a long-term passive and active network sharing arrangement with Orange for the parts of Spain outside of the main cities, enabling network efficiencies and faster 5G deployment. This agreement was most recently renewed in 2019 and runs through to 2038.

High-speed fixed-line gigabit network

We offer customers access to high-speed broadband services through our high-speed network and wholesale agreements with other operators. The fixed-line broadband network supports gigabit speeds and covers more than 29.7 million premises representing approximately 97% of Spanish households, businesses and other premises as of the year ended March 31, 2024.

Approximately 10.6 million of these homes are supported by our high-speed network which is capable of delivering gigabit speeds (as of February 29, 2024). Our owned network represents a significant infrastructure asset and services approximately 58% of our fixed customers as of February 29, 2024, which Zegona believes has material embedded value. As of November 2022, our fixed network has received high consumer satisfaction ratings with an NPS of 23, ahead of our competitors Telefónica (with an NPS of 18) and Orange (with an NPS of 12). Approximately 19.0 million households are covered through wholesale FTTH partnerships with Telefónica, Orange and Adamo as of February 29, 2024.

Resilient cash flow, with further growth driven by identified cost and capital expenditure optimization initiatives

We have demonstrated an improving cash generation profile, with Business Cash Flow growing from €185 million for the financial year ended March 31, 2021 to €410.6 million for the twelve months ended February 29, 2024. This increase in Business Cash Flow during the period was primarily driven by lower network expenditures due to efficiency programs, new network deployments that moved beyond their peak investment periods and the benefits from the active network sharing arrangement with Orange. We were also able to achieve lower customer premises equipment capital expenditure during the period by promoting a self-installation model which provided customers with equipment in the form of set-up boxes and modems to be used by the customer to receive the underlying services over the contract term. Over the last three years, we have paid no cash taxes due to tax loss carry-forwards.

We have historically reinvested our operating cash flows into growing our network infrastructure and the 5G roll-out. With the 5G roll-out and the Orange RAN share largely completed, we expect growth capital expenditures to be limited in the near term. Furthermore, we expect structurally neutral to positive change in net working capital and limited cash tax outflow in the near-medium term due to our tax losses of approximately €5,129.7 million as of March 31, 2023, which are available to offset against future profits. These tax losses do not expire, and no deferred tax asset is recognized for these losses.

As part of Zegona's previous Spanish investment in Euskaltel, we successfully implemented fundamental changes in relation to cost savings aimed at improving cash flow and deleveraging the business. Through the "major change program" initiated at Euskaltel, Zegona achieved annual cost savings of €40 million between 2018 and the first half of 2020, representing more than 20% of Euskaltel's cash flow for the financial year ending 2020. The initiated change program allowed Zegona to grow Euskaltel's EBITDAaL margin to 50% and cash flow margin to 27% as of first half of 2020. We believe there is a clear opportunity to drive improved cash flows and cash flow margins in our business and we have identified specific areas where we believe we can drive cost savings to bring our cash flow margin closer to Euskaltel in its final year under Zegona's ownership and closer to our peers (the "**Zegona Improvement Plan**"). See *"—Our Strategy—Improve business efficiency through simplifying operations and driving productivity*" for further information on the Zegona Improvement Plan.

Our Strategy

Zegona has significant relevant experience in the Spanish telecommunications market. When Zegona entered the Spanish telecommunications market through its purchase of Telecable in August 2015, it identified an opportunity for it to improve Telecable's performance through operating efficiencies and cost discipline. Zegona took this further through the sale of Telecable to Euskaltel (making Zegona one of Euskaltel's leading shareholders) and the delivery of Zegona's transformation program at Euskaltel to improve cash flow, realize cost savings and deleverage the business, leading to the successful sale of Euskaltel to MasMovil. Based on Zegona's experience in the Spanish and international telecommunications market and its detailed knowledge of the business of Vodafone Spain, Zegona, together with the management team of Vodafone Spain, developed the Zegona Improvement Plan, which is currently being implemented.

Vodafone Spain is one of the leading telecommunications networks in Spain, but following shifts in market structure, Zegona believes the future of the business lies in adjusting the cost and capital expenditure base in the business to the local market context, operating the assets more efficiently and driving value-for-money service propositions. This is a strategy which Zegona is well placed to execute, having developed an attractive business case and with a good track record for enacting similar changes with Euskaltel, a leading operator in the north of Spain, where Zegona delivered its main transformation program between 2019 and 2021, and which resulted in an 87% return on Zegona's Net Invested Capital since 2015.

We have detailed plans to strengthen our business by injecting a highly experienced senior management team, executing a major cost reduction program and driving productivity and revenues through new commercial initiatives. The business has historically been operated as an incumbent, not a local challenger, and we aim to change this. The key strategic priorities identified below aim to support continued growth in cash flows by improving our value proposition, increasing our market share in the value segment of the Spanish telecommunications market, accelerating digitalization, increasing operational efficiency and driving business simplification.

Our highly experienced senior management team with a proven track record in the Spanish and international telecoms markets will drive the performance of the Vodafone Spain business

Our management team has extensive experience in, and knowledge of, the Spanish telecommunications market and has implemented the acquisition and sale of multiple telecommunications businesses, including Euskaltel, Virgin Media and Telecable. We have appointed a high-quality leadership team in Vodafone Spain, combining highly experienced telecommunications executives with strong leaders with long-standing experience in the Vodafone Spain business. We further intend to reinforce local management on major value add projects, as well as move the key operational decision center for the organization to Spain, ensuring empowerment, accountability and clear responsibilities in all key processes.

We have appointed José Miguel García, ex-Jazztel and Euskaltel CEO, as CEO of Vodafone Spain as of June 1, 2024.

José Miguel García has created value for telecommunications operators in the Spanish market, including at Euskaltel where Euskaltel's EBITDA run-rate increased by almost 8% within the first six months of José Miguel's appointment as CEO. José Miguel was also CEO at Jazztel from 2006 to 2015, where he transformed Jazztel from a local incumbent into a national telecommunication brand with the highest NPS in Spain. In 2014, this led to Jazztel achieving the most highly valued customer service and the highest online brand awareness. Under José Miguel's leadership, Jazztel delivered 4x revenue growth from 2006-2015. In 2015, Jazztel was sold to Orange for €3.4 billion. The significant value creation during José Miguel's tenor as CEO included adding 1.6 million broadband customers and 1.9 million mobile customers, building revenues from approximately €278 million to approximately €1,176 million, improving Jazztel's EBITDA from €137 million to €216 million and increasing Jazztel's market capitalization from approximately €600 million to approximately €3.4 billion (Source: Jazztel annual reports and 2014 market capitalization based on Orange offer price)).

The senior management team of Vodafone Spain will work in partnership with the senior management team of Zegona, including Eamonn O'Hare, ex-CFO of Virgin Media and Tesco UK, Robert Samuelson, ex-Strategy Director of Virgin Media and Menno Kremer, formerly with the TMT investment banking group of Goldman Sachs. Both Messrs. O'Hare and Samuelson acted as directors of Euskaltel and Telecable. Their telecommunications track record is demonstrated by Telecable's sale to Euskaltel for €701 million in May 2017, with revenue growth from less than 1% to more than 3%, an increase in cash conversion from 56% to 61% and a 42% shareholder return in less than two years. Similarly, Euskaltel's successful sale to MasMovil showed a €0.8 billion value creation in two years and an 87% return on Net Invested Capital for Zegona shareholders.

Improve business efficiency through simplifying operations and driving productivity

We intend to simplify our business operations from what we believe has been a complex, high-cost operation and have identified a number of key areas for potential cost reduction. Our base costs are significantly higher than those of Euskaltel on a benchmarked basis and we believe specific cost saving actions could be taken to bring our margins closer to those of Euskaltel.

By way of illustration, our Business Cash Flow Margin of 10% in the twelve months ended March 31, 2023 was significantly lower than the Euskaltel Cash Flow Margin of 27% achieved on an annualized basis during the nine months to September 30, 2020. If our Business Cash Flow Margin could be improved by 50% of the difference between Euskaltel's Cash Flow Margin and our own, that would represent annual cost and capex savings of approximately €320 million.

Zegona Improvement Plan

The identified potential cost reduction actions included within the Zegona Improvement Plan include:

(a) Customer SAC: We believe that our SAC can be materially reduced from approximately €339 per gross addition for the financial year ended March 31, 2023 (approximately 38% higher than that of Euskaltel for the nine months ended September 30, 2020) by taking various actions, including by driving distribution from a focus on traditional retail stores (including by closing

underperforming stores) towards customer interactions through our more efficient digital channels, such as the Vodafone.es website, Mi Vodafone App and My Lowi App. We also believe that by optimizing subscriber acquisition cost levels, we would be able to reduce current capitalized commissions;

(b) Fixed wholesale access: reduce network access costs by renegotiating Telefónica and Orange/MasMovil fees to reduce fixed wholesale access fees as a percentage of revenue from approximately 5.9% for the financial year ended March 31, 2023, which is approximately 34% higher than annualized network access costs for Euskaltel for the nine months ended September 30, 2020;

(c) TV content: renegotiate content deals and use the Lowi value segment brand to expand the TV subscriber base, reducing TV content costs from approximately €9.6 per customer as of March 31, 2023, which is approximately two times higher than Euskaltel's was for the nine months ended September 30, 2020;

(d) IT capital expenditure: simplify our business IT systems and consolidate the business onto one IT stack to materially decrease annual spend on IT from approximately €102 million for the financial year ended March 31, 2023, which was approximately 6.7 times higher than the annualized costs for Euskaltel for the nine months ended September 30, 2020. While it is to be expected that our business would have a higher IT systems spend than Euskaltel as we are a larger business, Zegona believes that such difference can be significantly reduced. In addition, Zegona believes that being outside of the Vodafone Group removes group reporting and other specific development requirements, thereby reducing IT spend;

(e) Technology operational expenditure: cancel unproductive technology projects and continue with the implementation of a zero-based budgeting system requiring all budgets to go through full renewal processes on a yearly basis. Zegona believes this could materially decrease total spend on technology operating expenditure as a percentage of revenue from approximately 14.1% for the financial year ended March 31, 2023, which was approximately 80% higher than the annualized spend for Euskaltel for the nine months ended September 30, 2020;

(f) Bad debts: outsource bad debt collection to a specialist collection agency and implement greater controls around distribution, which will seek to reduce bad debts as a percentage of revenue from 0.89% (€35 million (after taking into account a one-off €75.8 million VAT recovery on invoices that were classified as bad debts)) for the financial year ended March 31, 2023, which (if calculated before taking into account the VAT recovery noted above) is 2.8%, which is approximately 3.7 times higher than that of Euskaltel for the nine months ended September 30, 2020.

(g) Support/other operational expenditure: replace current Group services where costs are considered high, remove non-essential activities and implement process improvements to reduce support and other operational expenditure as a percentage of revenue from approximately 11.4% for the financial year ended March 31, 2023, which is approximately 25% higher than annualized expenditures as a percentage of revenue for Euskaltel for the nine months ended September 30, 2020. We also see a broader opportunity to improve staff efficiency through consolidation and other measures; and

(h) Network and other capital expenditure: remove discretionary projects which do not provide a material customer benefit and focus on growing the low cost Lowi and Finetwork brands, which are more simple businesses and would require less network operating costs.

Stabilize revenues with new commercial initiatives

Driving value brands in the expanding market segment

We believe that there is strong potential to grow our market share in the value sector of the Consumer segment of the Spanish telecommunications market by strengthening our value offerings such as the "Lowi" brand through leveraging areas of differentiation, including adding TV services and 5G services to the Lowi offering. Further, we intend to extend our distribution to match the actions being taken by competitors such as Digi and MasMovil in order to close the gap in growth of customer numbers and improve our revenue.

Reduce customer churn

We intend to reduce our churn level, which was at 21% for consumer customers for the last twelve months ended February 29, 2024, compared to 18% for Euskaltel in the financial year ended December 31, 2020. We intend to increase the convergence of Vodafone brand customers and increase the sale of bundles including value-added services and handsets into customer offers. We believe this will increase customer loyalty, decrease customer churn, and continue to stabilize and grow ARPU. We have discontinued 12-month discount periods that end at the same time customer contracts come up for renewal. We are enhancing our customer retention efforts and improving cooperation between business units to prevent early churn during the process of connecting new customers. Furthermore, we plan to improve the reach of our sales force and add significant sales channel capillarity by increasing our distribution channels, while also transforming our channel model into a digital-first approach, enhancing digital channels for sales, customer support, and service delivery. We intend to focus on our core service differentiators in our customer acquisition activities, such as the breadth of our TV content and applications, B2B capabilities, the quality of our mobile network relative to other players and our customer service excellence (including empowering our people to create a culture of customer service champions).

Increase wholesale

We intend to grow our wholesale activities, which made up only approximately 4% of our revenue for the twelve months ended March 31, 2023 and which typically deliver higher margins than other customer segments. Our contribution of wholesale revenues is low compared to peers such as Orange and Telefónica, both of which generate significantly higher percentages of service revenues from wholesale relationships in their 2023 financial years (20% and 19%, respectively). The low percentage of wholesale revenues was a result of the historical Vodafone Group strategy to focus on other market segments. We will make winning sizeable wholesale contracts, with a particular focus on mobile, a priority in order to close the gap to our peers.

Leverage B2B strength

We intend to prioritize expanding our B2B service portfolio to capture growth in high-demand areas such as cloud computing, hosting solutions, IoT, and IP-VPN services, with a particular emphasis on targeting public administration and corporate segments. We already have a strong customer base in this market, supported by our strategic partnerships with technology leaders such as Microsoft and Accenture. These partnerships enable us to continue growing in this market segment. Additionally, we benefit from ongoing agreements with Vodafone Group, particularly when targeting multinational clients with sophisticated services, including cybersecurity services, digital services, digital workplace solutions and dedicated 5G business networks.

In the SME segment, we believe that we may be able to benefit from the Spanish government's allocation of funding from the European Union's Recovery and Resilience Facility. The purpose of the European Union's Recovery and Resilience Facility is to enable Member States to obtain funding for sustainability and resilience programs beneficial to their societies and economies. We believe that we could benefit from access to new customers who seek to access funds made available to the Spanish government under this facility. In particular, we believe that we can further benefit from the Kit Digital program launched by the Spanish Government, which subsidizes the costs of adopting basic digital solution packages in Spanish SMEs (between 10-49 staff), such as Internet presence, electronic sales, cloud office, digital workplace, digitization of basic processes, customer management, digital marketing, and cybersecurity. We believe that, through our existing relationships and strong network capabilities, we are well-positioned to cross-sell core business telecommunications services to customers who are seeking to access funding made available to Spain under this facility.

Focus on deleveraging through cash flow generation and organic growth

We intend to pursue a prudent financial policy, with a focus on reducing our overall financial leverage through organic revenue growth and strong cash flow generation. We also expect our profitability and cash generation to increase due to our planned cost and capital expenditure optimization initiatives. With these building blocks in place, we aim to deliver on our medium-term financial goals including to de-lever to 1.5 – 2.0x net leverage (excluding leases, based on Business EBITDAaL).

Implement network sharing strategy

We are evaluating a network sharing strategy, involving potential agreements with other fixed line market players to share fixed network assets and, therefore, achieve greater network utilization and efficiencies. We see a potential opportunity to utilize the network sharing concept to realize value from our fixed network and customer base. The potential synergies arising from such a strategy, including operational efficiencies, cost reductions and a reduction in future network related capital expenditure, could potentially improve cash flows. We could also seek third party investors in the network assets.

See "*Risk Factors—Risks Relating to Our Business and Industry—The potential execution of the network sharing strategy introduces risks and uncertainties.*"

About Zegona

History

Zegona was established in 2015 with the objective of investing in and operating businesses in the European TMT sector and improving their performance to deliver attractive shareholder returns. Zegona's objective is to acquire strategically-sound businesses and enhance their performance through a focused business improvement plan, delivering improved financial results and, thus, attractive returns to Zegona's investors.

Zegona seeks an attractive return on capital primarily through appreciation in the value of Zegona's assets. Zegona's strategy focuses on making investments in strategically sound businesses within the European TMT sector that require active change to realize their full value, creating significant long-term returns through fundamental business improvements (such as operational improvements and cost reductions). The main elements of Zegona's strategy are set out below but the overall approach is to deal with each opportunity and situation individually as it arises. For example, in the case of Zegona's investment in Euskaltel, Zegona's successful strategy was to increase its ownership position and work constructively with the Euskaltel board and management to improve the performance of the business and encourage industry consolidation. Zegona was able to use its position as the largest shareholder and on the Euskaltel board of directors to implement fundamental changes in relation to management roles, cost and capex savings and geographical expansion, achieving annual cost and capex savings of €40 million between 2018 to June 30, 2020, and achieving an 87% return on Net Invested Capital for Zegona shareholders since 2015 upon completion of the acquisition of Euskaltel by MasMovil in 2021 through a return of capital of £335 million.

Zegona evaluates potential investments using a disciplined set of financial and strategic criteria. Zegona focuses on:

- target businesses with an enterprise value of typically £1-5 billion, although Zegona may deviate outside of this range if it believes the returns are sufficiently attractive;
- TMT, network-based communications and entertainment businesses, primarily in Europe;
- strategically sound businesses with established market positions and limited expected downside risk, but which have scope for fundamental improvement that is realistically achievable; and
- multiple viable value realization options pre-identified.

Euskaltel case study

Timeline

In August 2015, Zegona completed the acquisition of Telecable, the leading quadplay cable telecommunications operator in the Asturias region in Spain, for an enterprise value of €640 million which was consequently acquired by Euskaltel in May 2017 for an enterprise value of €701 million. Through the sale, Zegona became a 15% stakeholder in Euskaltel in May 2017, and appointed one member to the board of directors of Euskaltel.

In April 2019, Zegona increased its stake in Euskaltel from 15% to approximately 21%, raising and investing more than €100 million and becoming the largest shareholder and appointed Eamonn O'Hare alongside Robert Samuelson on the board of Euskaltel.

In March 2021, MasMovil Ibercom, S.A.U. (a wholly owned subsidiary of MasMovil) announced an offer to acquire Euskaltel at an enterprise value of €3.5 billion, with Zegona realizing a return on Net Invested Capital of 87% for its shareholders, since 2015. Zegona returned £335 million to its shareholders via a return of capital following completion of the acquisition. This return also benefitted from favorable movements in the euro/sterling exchange rate in the relevant period since 2015.

Zegona strategy and operational improvements achieved in Euskaltel case

At the time it acquired Telecable, Euskaltel was a regional cable and fiber operator in Spain with a utility-like culture. Following a number of acquisitions, Euskaltel had not achieved the desired integration benefits and customer numbers were declining along with revenues and profitability.

Once it became Euskaltel's largest shareholder, Zegona implemented fundamental changes in relation to management roles, cost and capex savings and geographical expansion, including:

- **Management changes**: José Miguel García, former CEO of Jazztel, was hired along with other core members of the former Jazztel leadership team who successfully delivered €2.8 billion of value creation through the €3.4 billion sale of Jazztel to Orange in 2015. José Miguel García, together with Zegona Management at the time, increased Euskaltel's EBITDAaL run-rate by almost 8% within the first six months of his appointment.
- **Cost and capex savings**: a single efficient operating platform was created to manage the three regional brands of Euskaltel and, from 2018 to June 30, 2020, drove annual cost and capex savings of €40 million, including through investment in the online sales strategy and processes digitalization.
- **National expansion**: partnered with the well-known Virgin brand as a premium offering coexisting alongside Euskaltel, increased addressable premises from 2.5 million in 2019 to over 20 million by 2021, and achieved 7% year-over-year growth in fixed customers during the financial year of 2020.

Results delivered by Zegona strategy in Euskaltel

As the leading shareholder, with positions on the board of directors, and through the "major change program" it initiated at Euskaltel, Zegona was able to:

- accelerate top-line growth through record customer net adds, initiating a turnaround from previous stagnation or decline. Notably, transitioning from a decrease in revenues of 2% in 2018 to a growth of 2% in the first half of 2021, with growth observed from 2019 until the sale of the business in 2021;
- achieve annual cost and capex savings of €40 million between 2018 to June 30, 2020, representing more than 20% of Cash Flow (*i.e.*, €200 million);
- achieve a 15.8% reduction in commercial and fixed costs; and
- create value for Zegona shareholders by generating an 87% return on Net Invested Capital since 2015 as at the sale of the business and a 64% share price outperformance against the STOXX European Telecom Index.

The Transactions

The Transactions consist of the Acquisition and the Refinancing, each as further described below.

The Acquisition consists of (i) the Equity Contribution (as defined herein), (ii) the incurrence of the Term Facility, the Bridge Facility and the establishment of the Revolving Credit Facility under the Senior Facilities Agreement and (iii) the application of the proceeds of each of the foregoing to consummate the Acquisition (including the Vodafone Intercompany Loans Refinancing) and pay costs and expenses incurred in connection therewith.

The Refinancing consists of (i) this offering of the Notes and the incurrence of the New Senior Facilities and (ii) the application of the proceeds of this offering of the Notes, together with the New Senior Facilities and cash on balance sheet, to repay amounts outstanding under the Bridge Facility and related transactions and pay costs and expenses incurred in connection with the Refinancing.

The Acquisition

On October 31, 2023, Vodafone Group Plc entered into the Acquisition Agreement with Zegona Bidco to sell 100% of issued share capital of Vodafone Spain subject to the terms and conditions of the Acquisition Agreement.

Pursuant to the Acquisition Agreement, the base consideration consisted of a purchase price of €5 billion which was paid to the Sellers on the date of consummation of the Acquisition, being May 31, 2024 (subject to adjustments as set out in the Acquisition Agreement).

Pursuant to the terms of the Acquisition Agreement, on May 31, 2024, Zegona Bidco completed the acquisition of the entire issued share capital of Vodafone Spain. On the Acquisition Closing Date, the Company provided funds to Vodafone Spain via the Vodafone Intercompany Refinancing Loan to repay in full and cancel any commitments under certain existing indebtedness owed by Vodafone Spain to the Seller (the "**Vodafone Intercompany Loans Refinancing**").

Sources and Uses for the Acquisition

In connection with the Acquisition, the Company entered into the Senior Facilities Agreement, which provides for the Term Facility of €500 million, the Bridge Facility of €3,410 million and the Revolving Credit Facility of up to €500 million. The funding sources for the Acquisition consisted of proceeds from the following sources:

- drawings under the Term Facility in the aggregate principal amount of €500 million;
- drawings under the Bridge Facility in the aggregate principal amount of €3,410 million, which are expected to be repaid and cancelled with the net proceeds from the offering of the Notes and drawings under the New Senior Facilities; and
- equity raised by Zegona in the amount of €1,200 million. On the Acquisition Closing Date, of this amount, €1,190 million was contributed to the Company as equity contributions through intermediate holding companies (the "**Equity Contribution**"). See "*Shareholders*" for further detail. As of June 21, 2024, the market value of the shares underlying the Equity Contribution was €2,244 million.

On the Acquisition Closing Date, the amounts drawn under the Bridge Facility and the Term Facility, together with the Equity Contribution, were used to (i) pay the Acquisition consideration, including the completion of the Vodafone Intercompany Loans Refinancing, and (ii) pay costs, fees and expenses incurred in connection with the Transactions.

The following table illustrates the notional sources and uses related to the Acquisition. Actual amounts might vary from estimated amounts depending on several factors, including the actual amount of expenses related to the Acquisition and the Vodafone Intercompany Loans Refinancing and rounding effects. This table should be read in conjunction with "*Capitalization*" and "*Use of Proceeds*."

Sources of Funds	Amount (€ million)	Uses of Funds	Amount (€ million)
Term Facility[(1)]	500		
Bridge Facility[(2)]	3,410	Acquisition consideration[(4)]	5,000
Equity contribution[(3)]	1,200	Estimated transaction costs[(5)]	110
Total sources	**5,110**	**Total uses**	**5,110**

(1) Represents the aggregate principal amount drawn under the Term Facility.

(2) Represents the aggregate principal amount drawn under the Bridge Facility on the Acquisition Closing Date. The net proceeds of the offering of the Notes, drawings under the New Senior Facilities and cash on balance sheet will be applied to repay and cancel the Bridge Facility in full and pay related fees and expenses. See "*—The Refinancing*" below."

(3) On the Acquisition Closing Date, of this amount, €1,190 million was contributed to the Company as equity contribution through intermediate holding companies. See "*Shareholders*" for further detail. As of June 21, 2024, the market value of the shares underlying the Equity Contribution was €2,244 million.

(4) Represents (a) the cash consideration paid to the Seller in connection with the Acquisition and (b) the intercompany loan provided by the Company to Vodafone Spain via the Vodafone Intercompany Refinancing Loan in an aggregate amount of €3,325.5 million to complete the Vodafone Intercompany Loans Refinancing.

(5) Represents fees and expenses paid or payable in connection with the Acquisition, including commitment and underwriting, legal, accounting, ratings advisory and other advisory fees. Certain of these fees and expenses have been estimated as of the date of this Offering Memorandum and are subject to change.

The Refinancing

Concurrently with the offering of the Notes, the Company will enter into the New Senior Facilities Agreement pursuant to which it expects to draw the New Senior Facilities. On the Issue Date, the gross proceeds from the offering of the Notes will be used by the Issuer to provide one or more proceeds loans to the Company and the Company will use the proceeds therefrom, together with its borrowings under the New Senior Facilities and cash on balance sheet, to repay amounts outstanding under the Bridge Facility (as defined herein) and pay costs and expenses incurred in connection with the Transactions. See "*Use of Proceeds*."

The following table illustrates the anticipated sources and uses of proceeds of the offering of the Notes and borrowings under the New Senior Facilities. Actual amounts might vary from amounts shown depending on several factors, including the actual proceeds and amount of expenses related to the offering of the Notes and rounding effects.

Sources of Funds	Amount (€ million)	Uses of Funds	Amount (€ million)
Notes offered hereby[(1)]	2,128.0	Repayment of amounts outstanding under the Bridge Facility[(4)]	3,410
New Senior Facilities[(2)]	1,288.0		
Cash on balance sheet[(3)]	31.4	Estimated transaction costs[(5)]	37.4
Total sources	3,447.4	**Total uses**	3,447.4

(1) The principal amount of the Dollar Notes has been converted into euros at a rate of $1.00: €0.92, which represents the exchange rate as of July 9, 2024. The rate on which the actual conversion to euros will be made may differ.

(2) Represents $400 million principal amount of the dollar-denominated New Senior Facility and €920 million principal amount of euro-denominated New Senior Facility. The principal amount of the dollar-denominated New Senior Facility has been converted into euros at a rate of $1.00: €0.92, which represents the exchange rate as of July 9, 2024. The rate on which the actual conversion to euros will be made may differ.

(3) Management's estimate of cash and cash equivalents as of June 25, 2024 was €119.6 million, reflecting the impact of trading, working capital movements and capital expenditure as well as cash management following Completion of the Acquisition.

(4) Represents the repayment of €3,410 million in aggregate principal amount outstanding under the Bridge Facility, excluding any accrued and unpaid interest. The Bridge Facility was drawn in two tranches as follows (a) to pay the cash consideration to the Seller in connection with the acquisition and payment of costs and expenses in connection with the Acquisition and (b) to provide funds to Vodafone Spain via the Vodafone Intercompany Refinancing Loan to complete the Vodafone Intercompany Loans Refinancing. The net proceeds of the offering of the Notes, drawings under the New Senior Facilities and cash on balance sheet will be applied to repay and cancel each of the tranches of the Bridge Facility on a *pro rata* basis to their drawn amounts. For further information, see "*Description of Certain Financing Arrangements—Senior Facilities Agreement*."

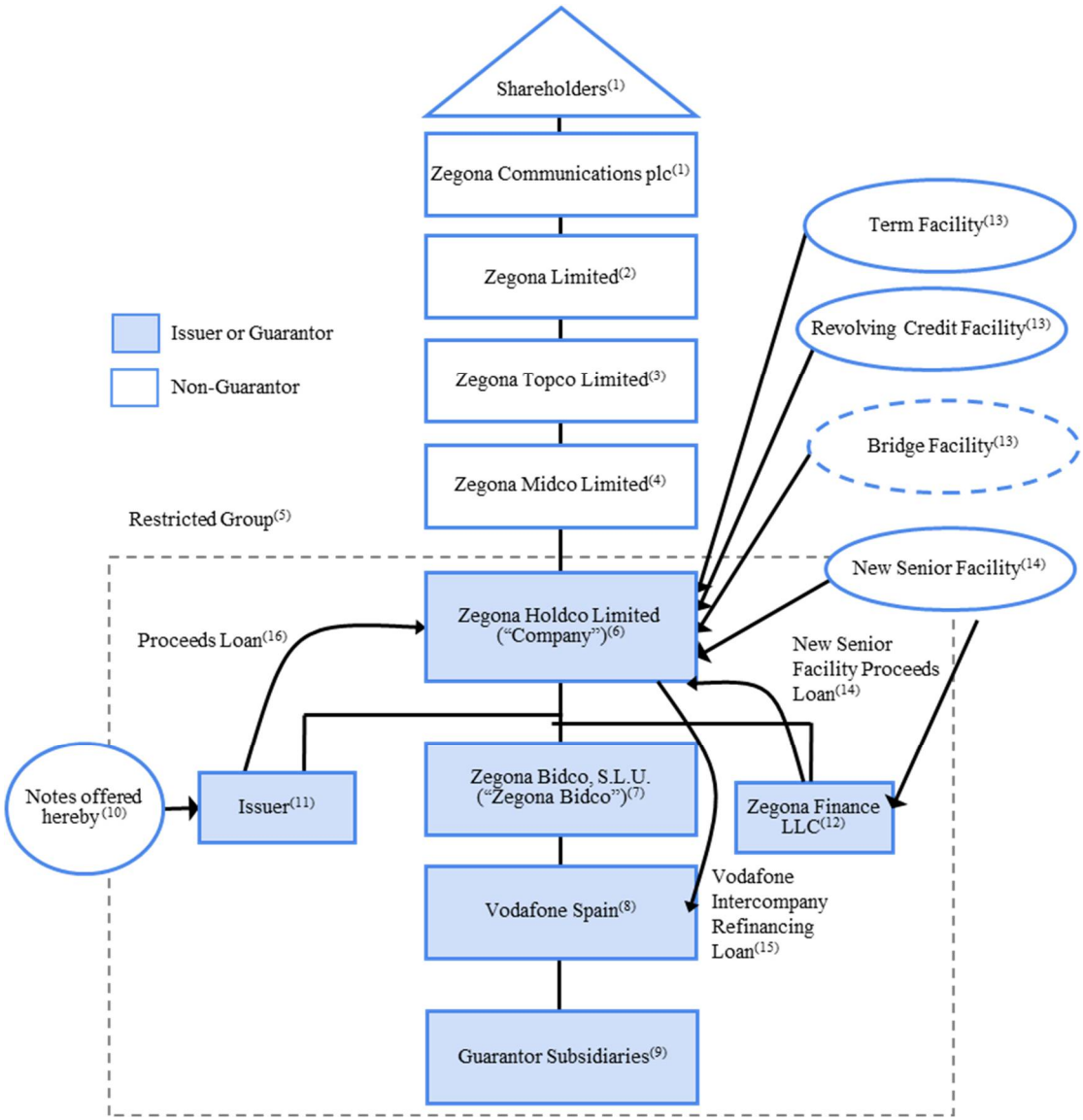
(5) Represents estimated costs, fees and expenses associated with the Refinancing, including underwriting, legal, accounting, ratings advisory and other transaction costs and professional fees, excluding any accrued and unpaid interest. The actual amount of the costs, fees and expenses may differ from the estimated amount depending on several factors, including differences between our estimates of costs, fees and expenses and the actual costs, fees and expenses as at the completion of the Refinancing.

The Issuer

The Issuer is a public limited company incorporated in England and Wales on April 26, 2024 with indefinite life for the purpose of facilitating the offering of the Notes. The Issuer's registered office is at 8 Sackville Street, London, United Kingdom, W1S 3DG.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The diagram below provides a simplified overview of our corporate and financing structure on a consolidated basis as of the date of this Offering Memorandum, after giving effect to the Transactions. All entities shown below are 100% directly or indirectly owned unless otherwise indicated. The diagram does not include all entities in our Group, nor does it show all liabilities in our Group. For a summary of the material financing arrangements identified in the diagram, see "*Description of Certain Financing Arrangements*" and "*Description of the Notes*."



(1) Zegona Communications plc is listed on the standard listing segment of the Official List of the Financial Conduct Authority of the United Kingdom and traded on the main market for listed securities on the London Stock Exchange. As of June 21, 2024, the total market capitalization of Zegona was €2.3 billion. See "*Shareholders*" for additional details.

(2) Zegona Limited is a Jersey-incorporated, UK tax resident subsidiary of Zegona Communications plc.

(3) Zegona Topco Limited is a private limited company incorporated under the laws of England and Wales.

(4) Zegona Midco Limited is a private limited company incorporated under the laws of England and Wales.

(5) The entities in the Restricted Group will be subject to the covenants contained in the Indenture.

(6) The Company is a private limited company incorporated under the laws of England and Wales. It is the borrower under the euro denominated New Senior Facility, the Term Facility and the Revolving Credit

Facility and will be a Guarantor of the Notes. The Company is also the borrower under the Bridge Facility which is expected to be repaid with the proceeds of the Notes and the New Senior Facilities.

(7) Zegona Bidco is a limited liability company (*sociedad limitada unipersonal*) organized under the laws of Spain. Zegona Bidco will be a Guarantor of the Notes. Following the offering of the Notes, Zegona Bidco may combine with Vodafone Spain (with the surviving entity to be determined).

(8) Vodafone Spain (legal name Vodafone Holdings Europe S.L.U.) is a single-member limited liability company (*sociedad limitada unipersonal*), organized under the laws of Spain. Vodafone Spain will be a Guarantor of the Notes.

(9) Subject to the Agreed Security Principles, the Notes will be guaranteed on a senior secured basis: (i) on the Issue Date, by the Initial Guarantors, and (ii), as soon as reasonably practicable after the Issue Date and in any event within the date that is 120 days from the Issue Date, by the Post-Issue Date Guarantors. As of and for the twelve months ended February 29, 2024 (on an unconsolidated basis), the Guarantors represented 100% of our revenue, EBITDA and total assets. Each Notes Guarantee will be a senior secured obligation of the relevant Guarantor, rank pari passu in right of payment with all of that Guarantor's existing and future obligations that is not subordinated in right of payment to its Notes Guarantee, including under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging agreements, rank senior in right of payment to any existing and future obligations of the relevant Guarantor that is subordinated in right of payment to its Notes Guarantee, rank senior to any existing and future unsecured obligations of that Guarantor, that are not secured by the Collateral owned by such Guarantor, to the extent of the value of such Collateral, be effectively subordinated to any existing and future obligations of that Guarantor that is secured by property or assets owned by such Guarantor that do not constitute Collateral, to the extent of the value of the property or assets securing such obligations and be structurally subordinated to any existing and future obligations of that Guarantor's subsidiaries (other than the Issuer) that do not guarantee the Notes. The Notes Guarantees will be subject to certain significant contractual and legal limitations or subject to certain defenses under applicable law. By virtue of these limitations and defenses, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral.*

(10) The Notes will be senior secured obligations of the Issuer, rank pari passu in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging agreements, rank senior in right of payment to all of the Issuer's existing and future obligations that are expressly subordinated in right of payment to the Notes, be effectively senior to all of the existing and future obligations of the Issuer that are not secured by the Collateral, to the extent of the value of such Collateral, be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligations and be structurally subordinated to any existing and future obligations of subsidiaries of the Company (other than the Issuer) that do not guarantee the Notes. On the Issue Date, and subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes will be secured on a first-priority basis by security interests in the Initial Collateral. In addition, as soon as reasonably practicable after the Issue Date and in any event within 120 days from the Issue Date, subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Notes will be secured on a first-priority basis by the Post-Closing Collateral (together with the Initial Collateral, the "**Collateral**"). The security interests over the Collateral or the enforcement thereof will be subject to certain significant contractual and legal limitations or subject to certain defenses under applicable law. By virtue of these limitations and defenses, the value of certain Collateral could be significantly less than amounts payable with respect to the Notes, or such Collateral may have effectively limited or no value. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security"* (including, without limitation, the subsections under the captions *"—Limitations on validity and enforceability of Notes Guarantees and Collateral granted by Spanish Guarantors—Financial Assistance*"), "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral.*"

(11) The Issuer is a public limited liability company incorporated under the laws of England and Wales.

(12) Zegona Finance LLC is a limited liability company incorporated under the laws of the state of Delaware in the United States. It is the borrower under the dollar denominated New Senior Facility and will be a Guarantor of the Notes.

(13) On May 24, 2024, the Company entered into the Senior Facilities Agreement, which provided for the Bridge Facility in an aggregate principal amount of 3,410 million, the Term Facility in an aggregate principal amount of €500 million and the Revolving Credit Facility of up to €500 million. On the Issue Date, the proceeds of the offering of the Notes, the New Senior Facilities and cash on the balance sheet will be used to repay and cancel amounts outstanding under the Bridge Facility. See "*Use of Proceeds*." Subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the Term Facility and the Revolving Credit Facility are or will be (as the case may be) (a) guaranteed by the Issuer and the Guarantors and (b) secured on a first-priority basis by security interests in the Collateral, pari passu with the Notes and the New Senior Facilities.

(14) On the Issue Date, the Company and Zegona Finance LLC, among others, will enter into the New Senior Facilities Agreement under which the Company expects to borrow a euro denominated senior secured term facility of €920 million and Zegona Finance LLC expects to borrow a dollar denominated senior secured facility of $400 million, on the Issue Date. The gross proceeds from the dollar denominated senior secured facility will be used by Zegona Finance LLC to provide a proceeds loan to the Company and the Company will use the proceeds therefrom, together with the proceeds of the Notes and borrowings under the euro-denominated senior secured facility, to repay and cancel amounts outstanding under the Bridge Facility and pay costs and expenses incurred in connection with the Transactions. Subject to the Intercreditor Agreement, the Agreed Security Principles and the applicable perfection requirements, the New Senior Facilities will be (a) guaranteed by the Issuer and the Guarantors and (b) secured on a first-priority basis by security interests in the Collateral, pari passu with the Notes, the Term Facility and the Revolving Credit Facility.

(15) On the Acquisition Closing Date, a portion of the proceeds of the Bridge Facility and the Term Facility was used by the Company to provide an intercompany loan in an aggregate principal amount of €3,325.5 million to Vodafone Spain to repay in full and cancel any commitments under certain existing indebtedness owed by Vodafone Spain to the Seller (the "**Vodafone Intercompany Loans Refinancing**").

(16) The gross proceeds from the offering of the Notes will be used by the Issuer to provide one or more proceeds loans to the Company and the Company will use the proceeds therefrom, together with its borrowing under the New Senior Facilities, to repay amounts outstanding under the Bridge Facility and pay costs and expenses incurred in connection with the Transactions.

THE OFFERING

The following summary of the Offering contains basic information about the Notes, the Notes Guarantees and the Collateral. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete description of the terms of the Notes, the Notes Guarantees and the Collateral, including certain definitions of terms used in this summary, see "Description of the Notes."

Issuer	Zegona Finance plc.
Company	Zegona Holdco Limited.
Notes Offered	• €1,300 million aggregate principal amount of 6.750% senior secured notes due 2029; and • $900 million aggregate principal amount of 8.625% senior secured notes due 2029.
Maturity Date	July 15, 2029.
Issue Date	July 17, 2024.
Issue Price	
Euro Notes	100% plus accrued interest, if any, from the Issue Date.
Dollar Notes	100% plus accrued interest, if any, from the Issue Date.
Interest Payment Dates	
Euro Notes	Semi-annually in arrear on each of January 15 and July 15 of each year, commencing on January 15, 2025.
Dollar Notes	Semi-annually in arrear on each of January 15 and July 15 of each year, commencing on January 15, 2025.
Denominations	
Euro Notes	The Euro Notes will be in denominations of €100,000 and any integral multiples of €1,000 in excess of €100,000. Euro Notes in denominations of less than €100,000 will not be available.
Dollar Notes	The Dollar Notes will be in denominations of $200,000 and any integral multiples of $1,000 in excess of $200,000. Notes in denominations of less than $100,000 will not be available.
Ranking of the Notes	The Notes will be senior secured obligations of the Issuer and will: • be guaranteed on a senior secured basis by the Guarantors; • be secured on a first-priority basis by the Collateral, as set forth under "—*Collateral*";

- rank *pari passu* in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including under the New Senior Facilities Agreement and the Senior Facilities Agreement and certain hedging agreements;

- rank senior in right of payment to any existing or future obligations of the Issuer that are expressly subordinated in right of payment to the Notes;

- rank senior to any existing and future obligations of the Issuer that are not secured by the Collateral, to the extent of the value of such Collateral;

- be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such obligations; and

- be structurally subordinated to any existing and future obligations of subsidiaries of the Company, other than the Issuer, that do not guarantee the Notes.

Notes Guarantees..... The Notes will be guaranteed on a senior secured basis on the Issue Date by the Initial Guarantors and on or prior to the date that is 120 days after the Issue Date by the Post-Issue Date Guarantors (collectively (the "**Guarantors**" and, such guarantees provided, the "**Notes Guarantees**"). Subject to the Agreed Security Principles, the Issuer and the Guarantors will also guarantee the New Senior Facilities, the Term Facility and the Revolving Credit Facility. As of and for the twelve months ended February 29, 2024 (on an unconsolidated basis), the Guarantors represented 100% of our revenue, EBITDA and total assets.

	The Notes Guarantees will be subject to certain significant contractual and legal limitations or subject to certain defenses under applicable law. By virtue of these limitations and defenses, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" (including, without limitation, the subsections under the captions "*—Limitations on validity and enforceability of Notes Guarantees and Collateral granted by Spanish Guarantors—Financial Assistance*") and "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral*" (including, without limitation, the risk factor captioned "*The amounts recoverable under the Notes Guarantees and the Collateral may be limited by financial assistance and other corporate benefit requirements*." In addition, the Notes Guarantees may be released under certain circumstances. For more information on the Notes Guarantees, see "*Description of the Notes—Notes Guarantees*."
Ranking of the Notes Guarantee	Each Notes Guarantee will: • be a senior secured obligation of the relevant Guarantor; • be secured on a first-priority basis by the Collateral, as set forth under "*—Collateral*"; • rank *pari passu* in right of payment with all of that Guarantor's existing and future obligations that is not subordinated in right of payment to its Notes Guarantee, including under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging agreements; • rank senior in right of payment to any existing and future obligations of the relevant Guarantor that is subordinated in right of payment to its Notes Guarantee; • rank senior to any existing and future unsecured obligations of that Guarantor, that are not secured by the Collateral owned by such Guarantor, to the extent of the value of such Collateral;

- be effectively subordinated to any existing and future obligations of that Guarantor that is secured by property or assets owned by such Guarantor that do not constitute Collateral, to the extent of the value of the property or assets securing such obligations;
- be structurally subordinated to any existing and future obligations of that Guarantor's subsidiaries (other than the Issuer) that do not guarantee the Notes.

Collateral	On the Issue Date, subject to the operation of the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, the Notes will be secured on an equal and ratable first-priority basis by: • a pledge of the shares of the Issuer; • an assignment of intercompany receivables owed to the Issuer by the Company (including the Proceeds Loan) and Zegona Finance LLC; • a (limited recourse) pledge of the shares of the Company held by Zegona Midco Limited; • an assignment of intercompany receivables owed to the Company by any member of the Group (including, but not limited to, the Vodafone Intercompany Refinancing Loan); • a (limited recourse) assignment of intercompany receivables owed to Zegona Midco by the Company; • a pledge of bank accounts (unperfected until the occurrence of an acceleration event) by the Issuer and the Company; • a floating charge over all assets, rights and interests (with no excluded assets) by the Company and the Issuer; • a pledge of the shares of Zegona Bidco held by the Company; • a pledge of the shares of Zegona Finance LLC held by the Company; and • all-asset security granted by Zegona Finance LLC (subject to customary exceptions) (such items collectively, the "**Initial Collateral**"). In addition, as soon as reasonably practicable after the Issue Date and in any event within 120 days from the Issue Date, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, the Notes and the Notes Guarantees will be secured on a first-priority basis by: • an assignment of intercompany receivables owed to Zegona Bidco by Vodafone Spain; • in the case of each Post-Closing Guarantor: (1) security over any material operating bank accounts held by such Post-Closing Guarantor; (2) security over certain intra-Group receivables held by such Post-Closing Guarantor; and (3) security over the shares of such Post-Closing Guarantor held by its direct parent holding company (the "**Post-Closing Collateral**" and together with the Initial Collateral, the "**Collateral**").

	The Collateral will also secure obligations under the New Senior Facilities, the Term Facility and the Revolving Credit Facility, and certain other future indebtedness permitted to be incurred and secured. The security interests over the Collateral or the enforcement thereof will be subject to certain significant contractual and legal limitations or subject to certain defenses under applicable law. By virtue of these limitations and defenses, the value of certain Collateral could be significantly less than amounts payable with respect to the Notes, or such Collateral may have effectively limited or no value. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security"* (including, without limitation, the subsections under the captions *"—Limitations on validity and enforceability of Notes Guarantees and Collateral granted by Spanish Guarantors—Financial Assistance*"), "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral*" (including, without limitation, the risk factor captioned "*—The amounts recoverable under the Notes Guarantees and the Collateral may be limited by financial assistance and other corporate benefit requirements*" and "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.*" In addition, the security interests in the Collateral may be released under certain circumstances. Subject to the Indenture and the Intercreditor Agreement, the Collateral may be pledged to secure future indebtedness. For more information on the security interests granted, see "*Description of the Notes—Security*."
Intercreditor Agreement	The Notes, the Notes Guarantees and the Collateral will be subject to the terms of the Intercreditor Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."
Use of Proceeds	The gross proceeds of the offering of the Notes will be used by the Issuer to provide one or more proceeds loans to the Company and the Company will use the proceeds therefrom, together with its borrowings under the New Senior Facilities and cash on the balance sheet, to repay amounts outstanding under the Bridge Facility and pay costs and expenses incurred in connection with the Transactions. See "*Use of Proceeds*."
Change of Control	Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase.

Tender Offers	In connection with any tender offers for any series of Notes, if holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases all of such Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to each other holder of Notes of such series (excluding any early tender or incentive fee).
Optional Redemption	
Euro Notes.....	On or after July 15, 2026, the Issuer will be entitled at its option to redeem all or a portion of the Euro Notes at the applicable redemption prices set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Notes*" plus accrued and unpaid interest and additional amounts, if any, to the redemption date. Prior to July 15, 2026, the Issuer will be entitled at its option to redeem all or a portion of the Euro Notes at a redemption price equal to 100% of the principal amount of the Euro Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the redemption date. Prior to July 15, 2026, the Issuer may redeem up to 10% of the original aggregate principal amount of the Euro Notes (including the aggregate principal amount of any additional Euro Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the Euro Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any. Prior to July 15, 2026, the Issuer will be entitled at its option on one or more occasions to redeem the Euro Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Euro Notes (including the aggregate principal amount of any additional Euro Notes issued) with the net cash proceeds from certain equity offerings at a redemption price equal to 106.750% of the principal amount of Euro Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, so long as at least 50% of the original aggregate principal amount of the Euro Notes (including any additional Euro Notes) issued under the Indenture remain outstanding.

Dollar Notes	On or after July 15, 2026, the Issuer will be entitled at its option to redeem all or a portion of the Dollar Notes at the applicable redemption prices set forth under the caption "*Description of the Notes—Optional Redemption—Optional Redemption of the Notes*" plus accrued and unpaid interest and additional amounts, if any, to the redemption date. Prior to July 15, 2026, the Issuer will be entitled at its option to redeem all or a portion of the Dollar Notes at a redemption price equal to 100% of the principal amount of the Dollar Notes plus the applicable "make-whole" premium described in this Offering Memorandum and accrued and unpaid interest and additional amounts, if any, to the redemption date. Prior to July 15, 2026, the Issuer may redeem up to 10% of the original aggregate principal amount of the Dollar Notes (including the aggregate principal amount of any additional Dollar Notes issued) in each twelve-month period commencing on the Issue Date at a redemption price equal to 103% of the principal amount of the Dollar Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any. Prior to July 15, 2026, the Issuer will be entitled at its option on one or more occasions to redeem the Dollar Notes in an aggregate principal amount not to exceed 40% of the original aggregate principal amount of the Dollar Notes (including the aggregate principal amount of any additional Dollar Notes issued) with the net cash proceeds from certain equity offerings at a redemption price equal to 108.625% of the principal amount of Dollar Notes so redeemed, plus accrued and unpaid interest and additional amounts, if any, so long as at least 50% of the original aggregate principal amount of the Dollar Notes (including any additional Dollar Notes) issued under the Indenture remain outstanding.
Redemption for Taxation Reasons	In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for Taxation Reasons*."

Additional Amounts.....	Any payments made by or on behalf of the Issuer or any Guarantor with respect to the Notes or with respect to any Notes Guarantee will be made without withholding or deduction for taxes unless required by law. If the Issuer or any Guarantor is required by law to withhold or deduct for such taxes in any relevant taxing jurisdiction with respect to a payment to the holders of Notes, such Issuer or Guarantor will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding is not less than the amount that they would have received in the absence of the withholding, subject to certain exceptions. See "*Description of the Notes— Withholding Taxes*."
Certain Covenants.....	The Indenture will limit, among other things, the ability of the Company and its subsidiaries to: • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends on, redeem or repurchase its capital stock; • make certain restricted payments; • make certain investments; • create or permit to exist certain liens; • impose restrictions on the ability of its subsidiaries to pay dividends or make other payments to the Company; • merge or consolidate with other entities, or make certain asset sales; • enter into certain transactions with affiliates; impair the security interests for the benefit of the holders of the Notes; and • guarantee certain indebtedness. Each of the covenants in the Indenture will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*." Certain of the covenants and events of default will be suspended if and for as long as we achieve investment grade ratings. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*."

Transfer Restrictions	The Notes and the Notes Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in the United States in compliance with Rule 144A and outside the United States in reliance on Regulation S or in transactions that are exempt from or are not subject to the registration requirements of the U.S. Securities Act. See "*Transfer Restrictions*" and "*Plan of Distribution*."
Listing and Trading	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market. There can be no assurance, however, that such listing will be maintained.
No Prior Market	The Notes will be new securities for which there is no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so, and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that an active trading market for the Notes will develop or be maintained.
Security Agent	ING Bank N.V., London Branch.
Trustee	GLAS Trust Company LLC.
Transfer Agent and Registrar	GLAS Trust Company LLC.
Paying Agent	GLAS Trust Company LLC.
Governing Law	The Notes and the Indenture will be governed by the laws of the State of New York. The Intercreditor Agreement is governed by English law, and the Security Documents will be governed by the law of the jurisdictions under which the relevant security interests are created.
Risk Factors	Investing in the Notes involves substantial risks. You should consider carefully all the information in this Offering Memorandum and, in particular, you should evaluate the specific risk factors set forth in the "**Risk Factors**" section in this Offering Memorandum before making a decision whether to invest in the Notes.
Taxation	For a description of certain tax consequences of an investment in the Notes, see "*Certain Tax Considerations*."

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth the summary financial information and other data of the Vodafone Spain Group on a consolidated basis.

Financial Statements Presented

Financial Information of the Company

As of the date of this Offering Memorandum, the Company has no revenue-generating activities of its own, and no business operations, material assets or liabilities other than those acquired or incurred in connection with its incorporation and the Transactions. As a result, no historical financial information of the Company is included in this Offering Memorandum, except for certain limited "as adjusted" financial data presented on a consolidated basis, adjusted to reflect certain effects of the Transactions, including the impact on the cash position, the amount of debt and the interest expense of the Company. The effects of purchase price accounting from the Acquisition have not yet been reflected in the information presented in this Offering Memorandum.

Historical Financial Information of the Vodafone Spain Group

The consolidated statement of comprehensive loss, consolidated statement of financial position and consolidated statement of cash flows of the Vodafone Spain Group presented below are derived from (i) the historical financial information of Vodafone Spain Group as of and for each of the years ended March 31, 2021, 2022 and 2023, including the accompanying notes thereto, which have been prepared in accordance with the UK-adopted IAS and have been reported on by Ernst & Young LLP, as reporting accountants, as stated in their report (the "**Historical Financial Information**"), and (ii) the unaudited condensed consolidated interim financial statements of Vodafone Spain Group as of and for the eleven months ended February 29, 2024, including the accompanying notes thereto, which have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK (the "**Condensed Consolidated Interim Financial Statements**" and, together with the Historical Financial Information, the "**Historical Consolidated Financial Information**").

In addition, the tables below also include certain financial information of the Vodafone Spain Group for the twelve months ended February 29, 2024 (the "**LTM Financial Information**"), which is derived by adding the unaudited condensed consolidated statement of comprehensive loss of the Vodafone Spain Group for the eleven months ended February 29, 2024 to the audited consolidated statement of comprehensive loss of the Vodafone Spain Group for the financial year ended March 31, 2022 and deducting the unaudited condensed consolidated statement of comprehensive loss of the Vodafone Spain Group for the eleven months ended February 28, 2023. The LTM Financial Information has been presented for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date. The LTM Financial Information is not prepared in the ordinary course of our financial reporting or in accordance with IFRS.

Results of operations for prior years or periods are not necessarily indicative of the results to be expected for the full year or any future period. Prospective investors should bear in mind that the performance indicators and ratios that we report herein, are not financial measures defined in accordance with IFRS or U.S. GAAP and, as such, may be calculated by other companies using different methodologies and having different results. Therefore, these performance indicators and ratios are not directly comparable to similar figures and ratios reported by other companies.

Non-IFRS Measures

The below tables contain certain financial measures and ratios (the "**Non-IFRS Measures**"), including, among others, Adjusted EBITDAaL, Business Cash Flow, Business Cash Flow Margin, Business EBITDAaL, Business EBITDAaL Margin and LTM Financial Information that are not required by, or presented in accordance with, IFRS or any other generally accepted accounting standards.

We present the Non-IFRS Measures because we believe that they are of interest to the investors and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-IFRS Measures may not be comparable to similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our, or any of our subsidiaries', operating results as reported under IFRS or any other generally accepted accounting standards. The Non-IFRS Measures are not measurements of operating performance under IFRS and should not be considered a substitute for other income statement data, or as measures of profitability or liquidity. These measures may not be indicative of our historical operating results nor are they meant to be predictive of potential future results. Other companies may calculate such measures in a different way, and our presentation may not be comparable to similarly entitled measures of other companies.

The Non-IFRS Measures may also be defined differently from the corresponding terms governing our indebtedness, including the Indenture (as described under "*Description of the Notes*") and the Senior Facilities Agreement (as described under "*Description of Certain Financing Arrangements*"). The Non-IFRS Measures and ratios, such as Adjusted EBITDAaL, Business Cash Flow, Business Cash Flow Margin, Business EBITDAaL, Business EBITDAaL Margin and LTM Financial Information are not measurements of our, or any of our subsidiaries', performance or liquidity under IFRS or any other generally accepted accounting principles. In addition, the presentation of these Non-IFRS Measures is not intended to, and does not comply with, the reporting requirements of the SEC and will not be subject to review by the SEC. Therefore, investors should not place undue reliance on the Non-IFRS Measures.

You should compensate for these limitations by relying primarily on the Historical Consolidated Financial Information and using these Non-IFRS Measures only supplementally to evaluate our performance. See "*Risk Factors—Risks Relating to Our Financial Information—This Offering Memorandum includes certain non-IFRS financial measures calculated using management estimates or projections and they should not be relied upon in isolation when making an investment decision.*"

Adjusted Financial Information

We also present below certain unaudited financial information of the Company adjusted to give effect to the Transactions and the use of proceeds therefrom as if they had occurred on February 29, 2024 for the consolidated statement of financial position data and on March 1, 2023 for our consolidated income statement data, including the impact on the cash position, the amount of debt and the interest expense of the Company (the "**Adjusted Financial Information**").

The Adjusted Financial Information is not intended to represent pro forma financial information prepared in accordance with the requirements of Regulation S-X promulgated under the U.S. Securities Act or other SEC requirements or IFRS or any other generally accepted accounting principles. The Adjusted Financial Information is based upon available information and certain assumptions that we believe are reasonable under the circumstances. The assumptions underlying the Adjusted Financial Information have not been audited or reviewed in accordance with any generally accepted auditing standards. Any reliance you place on this information should fully take this into consideration. The Adjusted Financial Information is not prepared in the ordinary course of our financial reporting. The Adjusted Financial Information is presented for informational purposes only and does not purport to represent what our results of operations or financial condition would have been had the Transactions actually occurred on the date indicated, and they do not purport to project the results of operations or financial condition for any future period or as of any future date.

The summary financial information presented below should be read in conjunction with the information contained in "*Presentation of Financial and Other Information*," "*Capitalization*," "*Selected Historical Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" as well as the Historical Consolidated Financial Information and accompanying notes thereto appearing elsewhere in this Offering Memorandum.

Financial Statements Presented

Historical Consolidated Financial Information

Consolidated Statement of Comprehensive Loss

	Financial year ended March 31,			Eleven months ended February		Twelve months ended February 29,
	2021	2022	2023	28, 2023	29, 2024	2024
(€ in thousands)				(unaudited)	(unaudited)	(unaudited)
Revenue	**4,166,421**	**4,180,058**	**3,906,713**	**3,573,312**	**3,536,049**	**3,869,450**
Supplies	(1,088,421)	(1,101,587)	(1,079,518)	(1,004,847)	(955,872)	(1,030,543)
Corporate costs	(282,319)	(347,194)	(257,968)	(253,992)	(260,028)	(264,004)
Other expenses	(1,075,098)	(1,132,738)	(996,310)	(894,355)	(936,734)	(1,038,689)
Net credit losses on financial assets	(125,855)	(115,484)	(34,862)	(68,728)	(115,557)	(81,691)
Depreciation, amortization, and impairment losses	(1,655,230)	(1,707,815)	(1,632,634)	(1,510,200)	(1,421,913)	(1,544,347)
Operating loss	**(60,502)**	**(224,760)**	**(94,579)**	**(158,810)**	**(154,055)**	**(89,824)**
Finance income	-	13,053	15,685	15,775	10,849	10,759

Finance costs	(78,182)	(67,808)	(119,377)	(101,345)	(219,196)	(237,228)
Loss for the period before income tax	**(138,684)**	**(279,515)**	**(198,271)**	**(244,380)**	**(362,402)**	**(316,293)**
Income tax credit	17,161	30,989	169	169	1,325	1,325
Loss for the period attributable to equity holders of the parent	**(121,523)**	**(248,526)**	**(198,102)**	**(244,211)**	**(361,077)**	**(314,968)**

Summary Consolidated Statement of Financial Position Data

	As of March 31,			As of February 29,
	2021	2022	2023	2024
(€ in thousands)				**(unaudited)**
Total non-current assets	6,452,481	6,440,816	6,011,463	5,588,112
Total current assets	1,118,627	1,026,280	1,081,647	872,936
Total assets	**7,571,108**	**7,467,096**	**7,093,110**	**6,461,048**
Total equity attributable to equity holders of the parent	**1,287,849**	**1,036,283**	**835,779**	**475,565**
Total non-current liabilities	4,268,560	4,476,871	4,465,867	4,415,164
Total current liabilities	2,014,699	1,953,943	1,791,464	1,570,319
Total equity and liabilities	**7,571,108**	**7,467,096**	**7,093,110**	**6,461,048**

Summary Consolidated Cash Flow Data

	Financial year ended March 31,			Eleven months ended February		Twelve months ended February 29,
	2021	2022	2023	28, 2023	29, 2024	2024
(€ in thousands)				**(unaudited)**	**(unaudited)**	**(unaudited)**
Cash inflows from operating activities	1,550,056	1,386,530	1,359,284	1,044,368	1,001,049	1,315,965
Cash outflows from investing activities	(1,056,736)	(1,212,485)	(1,017,361)	(733,339)	(663,996)	(948,018)
Cash outflows from financing activities	(493,173)	(176,022)	(342,086)	(310,924)	(336,122)	(367,284)
Net cash (outflow)/inflow	**147**	**(1,977)**	**(163)**	**105**	**931**	**663**
Cash and cash equivalents at the beginning of the period	6,472	6,619	4,642	4,642	4,479	4,479
Cash and cash equivalents at the end of the period	**6,619**	**4,642**	**4,479**	**4,747**	**5,410**	**5,142**

Other Financial Information

	Financial year ended March 31,			Twelve months ended February 29,
	2021	2022	2023	2024
(€ in thousands, unless otherwise indicated)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Business EBITDAaL[(1)]	1,312,640	1,314,458	1,286,264	1,230,277
Business EBITDAaL Margin[(2)]	31.5%	31.4%	32.9%	31.8%
Capital expenditures[(3)]	(1,136,162)	(1,397,667)	(883,110)	(819,733)
Business Cash Flow[(4)]	184,992	283,366	411,155	410,544
Business Cash Flow Margin[(5)]	4.4%	6.8%	10.5%	10.6%

(1) "Business EBITDAaL" is defined as loss attributable to equity holders of the parent before income tax credit, net financing costs, amortization of customer-related intangible assets, amortization of owned assets and depreciation of owned assets, excluding gains/losses on disposal of owned and leased assets, restructuring costs, other income and expense and significant items that are not considered by management to be reflective of the underlying performance, including the impacts of depreciation and gain on disposal of leased assets and interest on lease liabilities, and adjusted in line with the Parent's accounting policy relating to subscriber acquisition costs. Business EBITDAaL is a measure that we consider appropriate to assess our underlying operating performance and profitability. We believe Business EBITDAal reflects the post-completion arrangement of services that, pre-completion, were provided by Vodafone Group and recorded as intercompany recharges. The following table shows a reconciliation of loss attributable to equity holders of the parent for the relevant period to Business EBITDAaL:

(€ in thousands)	Financial year ended March 31, 2021	2022	2023	Twelve months ended February 29, 2024 (unaudited)
Loss for the period attributable to equity holders of the parent	**(121,523)**	**(248,526)**	**(198,102)**	**(314,968)**
Income tax credit	(17,161)	(30,989)	(169)	(1,325)
Net financing costs	78,182	54,755	103,692	226,469
Amortization of customer-related intangible assets[(a)]	344,488	357,082	339,464	307,397
Amortization of owned assets[(b)]	127,552	109,106	149,655	153,681
Depreciation of owned assets[(c)]	773,134	782,376	718,915	640,069
Loss/(gain) on disposal of owned assets[(d)]	27,069	16,818	12,266	9,160
Restructuring costs[(e)]	22,426	95,147	7,950	40,901
Bad debt write-off[(f)]	—	—	—	40,641
Interest on lease liabilities	(28,807)	(32,899)	(31,801)	(55,530)
Adjusted EBITDAaL[(g)]	**1,205,360**	**1,102,870**	**1,101,870**	**1,046,495**
Sundry and Vantage adjustments[(h)]	(116,520)	(40,438)	(59,075)	(47,868)
Intercompany recharges for certain services and for the use of certain Vodafone Group assets[(i)]	223,800	252,026	243,469	231,650
Business EBITDAaL	**1,312,640**	**1,314,458**	**1,286,264**	**1,230,277**

(a) See Note 1.1.4 "Capitalisation of customer-related intangible assets" and Note 8 "Intangible assets—Customer-related intangible assets" to the Historical Financial Information. See also Note 1.1 "Capitalisation of customer-related intangible assets" and Note 8 "Intangible assets" to the Condensed Consolidated Interim Financial Statements.

(b) See Note 8 "Intangible assets" to the Historical Financial Information. See also Note 8 "Intangible assets" to the Condensed Consolidated Interim Financial Statements.

(c) See Note 9 "Property, plant and equipment" to the Historical Financial Information. See also Note 9 "Property, plant and equipment" to the Condensed Consolidated Interim Financial Statements.

(d) See Note 9 "Property, plant and equipment" to the Historical Financial Information. See also Note 9 "Property, plant and equipment" to the Condensed Consolidated Interim Financial Statements.

(e) Restructuring costs comprises certain restructuring plans, including staff reductions, the outsourcing of retail channels and optimization of the retail structure, reorganization of spaces, and others, to reduce cost and improve the efficiency of the Group. Restructuring costs include: (i) a lease impairment charge of €18,855 thousand for the eleven months ended February 29, 2024 (Nil for the financial years ended 2021, €22,419 thousand for the financial year ended March 31, 2022, nil for the financial year ended March 31, 2023 and the eleven months ended February 28, 2023) relating to vacant properties leased in different offices and data centers; (ii) an impairment charge of €3,872 thousand for the eleven months ended February 29, 2024 (Nil for the financial years ended March 31, 2021, 2022 and 2023 and the eleven months ended February 28, 2023) relating to the reassessment of the useful lives of certain owned assets and (iii) dismissal costs amounting to €64,722 thousand for the financial year ended 2022 (Nil for the financial years ended March 31, 2021 and 2023 and the eleven months ended February 29, 2024 and February 28, 2023). All of the above are part of the Group's restructuring plans.

(f) See Note 11 "Contingencies, commitments and provisions" to the Historical Financial Information. See also Note 11 "Contingencies, commitments and provisions" to the Condensed Consolidated Interim Financial Statements.

(g) "Adjusted EBITDAaL" is defined as loss attributable to equity holders of the parent before income tax credit, net financing costs, amortization of customer-related intangible assets, amortization of owned assets and depreciation of owned assets, excluding gains/losses on disposal of owned and leased assets, restructuring costs, other income and expense and significant items that are not considered by management to be reflective of the underlying performance, including the impacts of depreciation and gain on disposal of leased assets and interest on lease liabilities.

(h) Sundry and Vantage Towers adjustments relate to amortization of the gain on disposal of Vantage Towers (credited in the Vodafone Group financial statements to "Other expenses"); and an adjustment to reflect the reduced depreciation charge of Vantage Towers right-of-use assets impaired in the Vodafone Group financial statements, as well as other minor adjustments.

(i) Intercompany recharges for the use of certain Vodafone Group services are recorded as an expense in our historical financial information and relate to Vodafone Group recharges for the use of certain assets (utilized by us 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 charges will be discontinued going forward (and therefore have been added back to Business EBITDAaL) after Completion, but the majority of these services will continue under the terms of the Intercompany

Agreements, which will enable us to operate our business in a substantially similar manner as we did prior to Completion. Furthermore, certain other historical intercompany charges (comprising both fixed and variable costs) are expected to decrease to €110 million under the Intercompany Agreements as negotiated by Zegona.

(j) The financial information for the twelve months ended February 29, 2024 has been calculated based on the following interim financial information:

	Eleven months ended February	
	28, 2023	**29, 2024**
(€ in thousands)	**(unaudited)**	**(unaudited)**
Loss for the period attributable to equity holders of the parent	**(244,211)**	**(361,077)**
Income tax credit.....	(169)	(1,325)
Net financing costs.....	85,570	208,347
Amortization of customer-related intangible assets[(a)]	312,551	280,484
Amortization of owned assets[(b)]	135,970	139,996
Depreciation of owned assets[(c)]	666,410	587,564
Loss/(gain) on disposal of owned assets[(d)].....	11,858	8,752
Restructuring costs[(e)]	14,203	47,154
Bad debt write-off[(f)].....	—	40,641
Interest on lease liabilities	(28,120)	(51,849)
Adjusted EBITDAaL[(g)] .	**954,062**	**898,687**
Sundry and Vantage adjustments[(h)].....	(53,104)	(41,897)
Intercompany recharges for certain services and for the use of certain Vodafone Group assets[(i)]	232,796	220,977
Business EBITDAaL...	**1,133,754**	**1,077,767**

(2) "**Business EBITDAaL Margin**" is defined as Business EBITDAaL divided by total revenue.

(3) Capital expenditures exclude license and spectrum fees.

(4) "**Business Cash Flow**" is defined as Business EBITDAaL less capital expenditures before license and spectrum fees.

	Financial year ended March 31,			Twelve months ended February 29,
	2021	**2022**	**2023**	**2024[(b)]**
(€ in thousands)				**(unaudited)**
Business EBITDAaL...	**1,312,640**	**1,314,458**	**1,286,264**	**1,230,277**
Capital expenditures	(1,136,162)	(1,397,667)	(883,110)	**(819,733)**
Adjustment for license and spectrum fees[(a)]....	8,514	366,575	8,001	—
Business Cash Flow	**184,992**	**283,366**	**411,155**	**410,544**

(a) In the financial year ended March 31, 2022, we 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 capital expenditures in order to present what we believe is a more normalized view of the underlying cash generating performance of the business during the period under review.

(b) The financial information for the twelve months ended February 29, 2024 has been calculated based on the following interim financial information:

	Eleven months ended February	
	28, 2023	**29, 2024**
(€ in thousands)	**(unaudited)**	**(unaudited)**
Business EBITDAaL...	**1,133,754**	**1,077,767**
Capital expenditures.....	(779,259)	(715,882)

Adjustment for license and spectrum fees[(a)]	8,001	—
Business Cash Flow	**362,496**	**361,885**

(5) "**Business Cash Flow Margin**" is defined as Business Cash Flow divided by total revenue.

Pro Forma Financial Information

The following table shows our selected pro forma financial information as of and for the twelve months ended February 29, 2024 after giving pro forma effect to the Transactions. See "*Use of Proceeds*" and "*Capitalization*."

	As of and for the twelve months ended February 29, 2024
	(unaudited in € millions, except for ratios)
Business EBITDAaL[(a)]	1,230.3
Pro forma cash and cash equivalents[(b)]	88.2
Pro forma net debt[(c)]	3,827.8
Pro forma cash interest expense[(d)]	277.7
Ratio of pro forma net debt to Business EBITDAaL	3.1x
Ratio of Business EBITDAaL to pro forma cash interest expense	4.4x

(a) See footnote 4 to "—Other Financial Information."

(b) Pro forma cash and cash equivalents represents management's estimate of cash and cash equivalents as of June 25, 2024, reflecting the impact of trading, working capital movements and capital expenditure as well as cash management following Completion of the Acquisition with further adjustments to give effect to the Refinancing as set forth under "*Use of Proceeds.*"

(c) Pro forma net debt represents pro forma total debt (excluding lease liabilities recognized in accordance with IFRS 16 "Leases") minus pro forma cash and cash equivalents as of February 29, 2024.

(d) Pro forma cash interest expense represents estimated cash interest expense on the Group's pro forma total debt (which excludes lease liabilities recognized in accordance with IFRS 16 "Leases") for the twelve months ended February 29, 2024, as if the Transactions occurred on March 1, 2023. Pro forma cash interest expense assumes that the Revolving Credit Facility was undrawn during such period and excludes commitment fees payable on the undrawn Revolving Credit Facility and assumes an imputed weighted average interest rate for the Term Facility and the New Senior Facilities. Pro forma cash interest expense also takes into account the estimated impact of interest rate and currency hedging that the Group expects to put in place. Pro forma cash interest expense has been presented for illustrative purposes only and does not purport to represent what the Group's interest expense would have actually been had the Transactions occurred on March 1, 2023, nor does it purport to project the Group's interest expense for any future period or its financial position at any future date.

Other Data

	Financial year ended March 31,			Twelve months ended February 29,
	2021	2022	2023	2024
(€ in millions, unless otherwise indicated)	**(unaudited)**	**(unaudited)**	**(unaudited)**	**(unaudited)**
Consumer Contract – Converged Customer Accounts[(1)]	2.3	2.2	2.2	2.1
Mobile Closing Customers[(2)]	13.2	13.6	13.5	13.8
Mobile Contract Closing Customers[(3)]	11.4	11.4	11.1	11.1

(1) "Consumer Contract - Converged Customer Accounts" is defined as the number of customer accounts with any combination of services that at least includes one mobile and one fixed line service, that are either provided under a single contract, or under separate contracts for which the customer receives additional benefits on top of the fee they pay for the individual contracts (e.g., discounts, additional bundle allowance, etc.).

(2) "Mobile Closing Customers" is defined as a Subscriber Identity Module ("**SIM**") customer, or in territories where SIMs do not exist, a unique mobile telephone number assigned to customers that has access to the network for any purpose (including data only usage) except telemetric applications and SIMs used in wearables – gadgets that are meant to be worn by people (e.g., smartwatches).

(3) "Mobile Contract Closing Customers" is defined as the number of mobile customers with a post-paid contract (excludes prepaid customers SIMs).

RISK FACTORS

An investment in the Notes involves risks. Before purchasing the Notes, you should consider carefully the specific risk factors set forth below, as well as the other information contained in this Offering Memorandum. If any of the events described below, individually or in combination, were to occur, this could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and could therefore have a negative effect on the trading price of the Notes. Described below and elsewhere in this Offering Memorandum are the risks considered to be the most material, although there may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could also have material adverse effects on our results of operations, financial condition, business or operations in the future. In addition, our past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements."

Risks Relating to Our Business, the Acquisition and Our Industry

We may fail to implement our strategy, including to realize cost and capex savings and stabilize revenues, such strategy may take longer to implement or the benefits may be materially lower than has been targeted or lead to disruption or other adverse effects on the business.

The success of the Acquisition depends to a large extent on our ability to implement our strategy. Zegona's strategic priorities for Vodafone Spain involve the appointment of new senior management, stabilizing revenues with new commercial initiatives, executing a major cost reduction program and considering the implementation of a potential network sharing strategy. There is no guarantee that we will be able to implement any of these strategic priorities in whole or at all, or that they will significantly improve the performance of the business.

In particular, in relation to the cost reduction program, we have identified key areas where our cost base is significantly higher than relevant peers (on a benchmark basis) and therefore where we believe specific cost and capex savings action could be taken. This includes specific cost reduction actions in areas such as subscriber acquisition costs (driving distribution away from traditional retail stores towards digital channels), bad debt collections, TV content costs, IT capital expenditure, our technology projects, fixed wholesale access costs and support and other operational expenditures.

Potential cost reduction actions, and any benefits which may flow from these, relate to future actions and circumstances which by their nature involve risks, uncertainties and contingencies and are based on assumptions that may prove to be wrong. As such, cost and capex savings may not be achieved as quickly as anticipated, may be materially different from those which have been identified, may not be sustainable and may not materialize at all. Furthermore, given the passage of time, the different size, geographical split and different product mix between the two companies, Zegona's experience of implementing cost-saving measures at Euskaltel does not mean that such cost and capex savings (or any) will be achieved by us.

This risk is heightened because our ability to implement the identified cost reduction actions and/or stabilize our revenues will be dependent upon a significant number of factors, some of which may be beyond our control. For example, whether we succeed in implementing our strategy will be dependent on the future economic environment in Spain, including inflationary pressures which may make it impossible to implement or realize the benefits of the identified cost reduction actions, the actions of our competitors (including where competitors have established relationships with potential wholesale customers, which may impact our ability to win new wholesale contracts) or the retention of potential new SME customers who benefitted from the European Union's Recovery and Resilience Facility once funds from that facility are no longer available.

In addition, the very implementation of our strategy may temporarily increase our costs. While we aim to achieve significant cost reductions, the initial investment required to implement these measures may result in short-term financial pressures and delay or offset—at least for as period of time—our ability to realize any cost and capex savings. Additionally, the timeline for realizing the full benefits of anticipated run-rate cost-saving initiatives may extend beyond initial projections, potentially affecting our financial performance in the interim.

Our operations, customer service, relationships with suppliers, customers and other partners could also be adversely affected as a result of the Acquisition and/or the identified cost reduction actions (including if suppliers and other partners terminate or wish to renegotiate any arrangements with us as a result of the Acquisition or tighter credit scoring and bad debt actions negatively impact churn) or otherwise.

Further, the activities required to implement the identified cost reduction actions could disrupt or negatively impact our business or customer experience, which could have a material adverse effect on our reputation, business, financial condition and results of operations.

We also believe that we can implement new commercial initiatives to stabilize revenue, but there is a risk that the stabilization of revenues may fail to be implemented or materialize or take longer than expected to achieve or that our assumptions when developing our strategy turn out to be inaccurate.

We may also consider the implementation of a network sharing strategy, which could involve entering into a network sharing agreement with an existing Spanish network operator in order to combine fixed line assets and potentially monetize these fixed assets in the future. There is no guarantee that we will be able to implement any network sharing strategy in a timely fashion (or at all), the value or the detailed structuring of any such transaction, or that the benefits of such a transaction will be able to be achieved in their entirety or at all.

Failure to achieve our strategic priorities either at all or within the expected timeframe could have a material adverse effect on our reputation, business, financial condition and results of operations and inhibit our ability to realize benefits from this investment, generate EBITDAaL growth and/or reduce costs and indebtedness.

We will be reliant on the Vodafone Group for a period of time for the provision of certain services and any disruption to such services could be costly and have a material adverse effect on our business, results of operations, financial conditions and prospects.

In connection with the Acquisition, Vodafone Group and our members have entered into certain agreements for the provision of services and grant of rights following Completion (the "**Intercompany Agreements**"), including but not limited to a brand license agreement dated May 24, 2024 ("**BLA**"), a transitional services agreement dated May 31, 2024 ("**TSA**"), a procurement services agreement dated May 24, 2024 ("**PSA**") and a reverse transitional services agreement dated May 31, 2024 ("**RTSA**"). The Intercompany Agreements envisage:

(a) the grant by Vodafone Group to us of rights to use the Vodafone brand for a period of 10 years following Completion;

(b) arrangements for Vodafone Group to provide us with continued access to certain facilities and services on a long-term basis, including Vodafone Group's Internet of Things ("**IoT**") platform, roaming, "OneNumber," "Internet in the Car" offering and telematics products, access to reciprocal roaming services agreements with local operators and the pass-through of Vodafone Group's existing carrier master services agreements for various periods (agreed on a service-by-service basis) following Completion;

(c) the provision by Vodafone Group to us of other services including central procurement, certain consumer, business, carrier, technology, network, finance, access to ERP systems, corporate functions and other support services for transitional periods following Completion;

(d) our provision to Vodafone Group of technology networks, business customer, business IoT, partner markets and IT support services for a transitional period of up to two years following Completion; and

(e) our provision to Vodafone Group of co-location, ethernet and dark fiber capacity to enable Vodafone Group's use of its own international fixed line network assets and other assets relating to its group network and IT platforms.

The majority of transitional services to be provided between us and Vodafone Group under the Intercompany Agreements will be provided for a fixed period of up to two years (depending on the services). The license granted under the BLA will continue for 10 years. As we do not currently have the internal capabilities to provide all the services which we will receive under the Intercompany Agreements on a standalone basis without third party support, the Intercompany Agreements provide contractual protections for the continued provision of these services during the relevant transitional period, absent which we would need to procure these services from other third party providers or otherwise be unable to provide all of our current services. As a result, any significant disruption or other issues in the services provided to us under the Intercompany Agreements, even if they give rise to a contractual claim, may cause operational difficulties, including diverting management attention from other aspects of our operations, that could negatively impact our performance, prospects and results of operations.

Following the transitional periods set out in the Intercompany Agreements, we will be required to provide the majority of these services internally or obtain these services from a third-party provider. There is no guarantee that we will be able to develop and/or implement these capabilities, or source such services from third parties at

the same or lower cost, on the same or similar commercial or legal terms or at the same level of quality as those provided by Vodafone Group, or at all. If we do not effectively develop and implement these capabilities, or we are unable to source further arrangements from third party providers (whether on satisfactory terms and level of service or at all), such additional constraints could jeopardize our ability to execute our strategy and our business, results of operations, financial condition and prospects could be materially and adversely affected.

We may not be able to obtain the same types and level of benefits, services and resources that historically have been provided by Vodafone Group given its scale and market position, or may be unable to obtain them at the same cost or on equally favorable terms.

We have historically received benefits and services from the Vodafone Group, including benefitting from the Vodafone Group's scale, market position and market intelligence from other markets where Vodafone Group operates. Following Completion, we will no longer benefit from the Vodafone Group's services or business relationships to the extent not otherwise addressed in the Intercompany Agreements. Under the PSA, the Vodafone Group will seek to negotiate new third-party supply agreements on behalf of us on similar terms to those which apply to members of the Vodafone Group. Notwithstanding this, following Completion, there is no guarantee that we will be able to adequately replace or obtain resources, which were formerly provided to Vodafone Spain by the Vodafone Group (which due to its scale and market position included certain discounts and reduced fees) but which are excluded from the scope of the Intercompany Agreements, at the same or lower cost or on other equally favorable terms.

If we are not able to replace the services provided by Vodafone Group or are unable to replace them without incurring significant additional costs or on equally favorable terms, or is delayed in replacing the services provided by Vodafone Group or if the potential customers or other partners of Vodafone Spain do not our business relationships as equivalent to Vodafone Group's, this could increase our expenses and/ or reduce revenues, which could have a material adverse effect on our business, financial condition, results of operation and prospects.

The potential execution of the network sharing strategy is subject to risks and uncertainties.

Our network sharing strategy gives rise both to opportunities and significant challenges. As an initial matter, we would need to find a partner or partners in order to implement the network sharing strategy. There is no assurance that we will be successful in doing so. Moreover, while such an agreement may offer strategic benefits, it also presents immediate risks. Among these are the potential upfront costs associated with such a transaction, including transaction fees, legal expenses, and structuring costs and any ongoing payments related to the sharing of the network.

Operational complexities inherent in executing a network sharing transaction, including integration challenges, regulatory hurdles, and potential disruptions to customer service. Furthermore, there is no guarantee of timely implementation or certainty regarding the transaction's ultimate value or structure. If we sought third party investors, there is no certainty that we would be able to successfully conclude this investment. A network sharing transaction may require the approval of governmental authorities (either domestically or at the European Union level), which can block, impose conditions on, or delay the process which could result in a failure to proceed with any announced transactions on a timely basis or at all. Any network sharing transaction would need to be completed in compliance with the Company's debt covenants and other operational agreements.

The Intercompany Agreements may not provide for all the services required to operate our business and we have not operated as a stand-alone company for over twenty years.

The Intercompany Agreements provide for certain transitional and long-term rights and services to be procured and provided for our benefit. The services to be provided to us under the Intercompany Agreements are those that we believe, following discussions and consultation with Vodafone Group, are required to operate our business in a manner similar to the way it was operated before Completion. However, we have not operated as a standalone business since the acquisition of a controlling stake in us by the Vodafone Group in January 2001 and there is therefore no guarantee that additional services will not be required to be procured or provided by us under the Intercompany Agreements in order to operate our business in the same manner as it was operated before Completion. While the TSA provides for the potential provision of additional services by Vodafone Group in certain circumstances if such services are identified within six months of Completion, there is no guarantee that any such services will be identified within this time period or, having been identified, Vodafone Group will be required to provide such services.

If the Intercompany Agreements do not provide for all the services required in order to operate our business in a similar manner to which it is operated today, it could have a material adverse effect on our business, financial condition, results of operation and prospects.

We depend on our abilities to attract and retain key personnel without whom we may not be able to manage our business effectively, and the loss of our or Vodafone's key executives or other personnel could harm our business.

Our operations are currently managed by a number of executives and employees whom we consider key. We believe that the loss of any key personnel or employees as a result of the Acquisition or otherwise could significantly impede our future plans and the execution of our strategy with respect to our business. In addition, competition for qualified executives in the telecommunications industry is intense. Our growth and success in implementing our business plans largely depends on our continued ability to attract and retain experienced senior executives (including Zegona's appointment of José Miguel García as CEO of Vodafone Spain as of June 1, 2024) as well as our highly skilled employees, and we may not be successful in doing so. Further, we could be subject to legal or other claims which could affect our ability to hire key people. If any of our senior executives or other key personnel ceases their employment, and we are not able to replace such senior executives or key personnel, this could have a material adverse effect on our business, financial condition and results of operations.

We will have an ongoing relationship with Vodafone Group and, as a result, the future reputation or actions of Vodafone Group or any successor of Vodafone Group could adversely affect us.

We provide to Vodafone Group and Vodafone Group provides to us certain transitional and long-term services pursuant to the Intercompany Agreements. Changes in the strategic direction of Vodafone Group, or any successor of Vodafone Group, due to consumer consumption trends or otherwise could, over time, impact the positioning of the Vodafone brand in the premium market and offerings of Vodafone Group's brands and programs, including those being made available to us. Any such changes negatively impacting the services being provided by Vodafone Group to us could have a material adverse effect on our business, financial condition, results of operation and prospects.

In particular, we have entered into the BLA, which permits the use of the Vodafone brand on a non-transferable, non-sublicensable (in each case, save as permitted under the BLA) basis. The BLA commenced on Completion and continues for a term of 10 years. However, there is no guarantee that this BLA will not be terminated prior to the end of this term. For example, early termination of the BLA is possible with immediate effect (subject to a run off period of varying lengths) on written notice served by a party if another party commits a material breach (which, if remediable, is not remedied within 30 days of a notice requiring such a remedy) or becomes subject to an event of insolvency. The Vodafone Group may also terminate the BLA with immediate effect on written notice if any licensee challenges the validity of the Vodafone trade marks, or causes damage or detriment to the reputation or goodwill associated with the Vodafone brand (which is not remedied within 30 days of Vodafone Group requiring such a remedy), and on the occurrence of certain other events. Run off periods, of varying lengths, apply on termination to ensure a smooth transition away from the use of the Vodafone brand to a new brand that we will utilize. Following the expiry of the BLA, there is no guarantee that we will be able to renew the BLA on substantially similar terms or at all. In addition, there is a requirement under the BLA for us to enact a brand separation plan to ensure a smooth transition away from the Vodafone brand once the term of the BLA elapses. However, there is no guarantee that the brand separation plan will be successful. If we are not able to renew such BLA or are not able to successfully transition our business to another brand, it could have a material adverse effect on our business, financial condition, results of operation and prospects.

Further, the reputation of our business may be linked to the reputation of the Vodafone Group business during the period we are using the Vodafone brand in Spain. Any material adverse change in the reputation of the Vodafone Group business, for example, if the quality of the services provided by the Vodafone Group pursuant to the Intercompany Agreements (see risk factor "*—We will be reliant on the Vodafone Group for a period of time for the provision of certain services and any disruption to such services could be costly and have a material adverse effect on our business, results of operations, financial conditions and prospects*") declines or is perceived by consumers to decline, a failure to protect customer data through cyber-attacks or otherwise, or any other adverse publicity about the Vodafone Group could have a material adverse effect on our reputation, which could have a material adverse effect on our business, financial condition, results of operation and prospects.

Change of control provisions may have been triggered upon Completion.

We are party to contracts, agreements and instruments that contain change of control provisions and may have been triggered upon Completion. These agreements include, but are not limited to, the network sharing agreements referred to in "*—We rely on network sharing agreements to provide our services and depend upon other third-parties to access and maintain certain parts of our infrastructure*," cloud services agreements, interconnection agreements, agreements with key suppliers, customer agreements and content agreements. Agreements with change of control provisions typically provide for, or permit the termination of, the agreement upon the occurrence of a change of control of one of the parties. Completion was not subject to obtaining the change of control waivers

and, while we believe the counterparties to these agreements will consent to waiving the relevant change of control provisions, there can be no assurance we will be able to obtain such waivers in all such circumstances. In the absence of these waivers, the operation of the change of control provisions, if any, could result in the loss of significant contractual rights and benefits, the termination of significant agreements or the potential payment of termination fees. In the event of termination of any material contract, there can be no assurance that we would be able to successfully replace the products or services that were provided under the relevant contract at attractive prices or at all. Likewise, if we were required to amend any such contract, we can provide no assurance that the terms of such amendment will not be materially adverse to us or will not otherwise impact our business or operations. Accordingly, any termination or amendment of a significant contract as a result of the change of control could materially or adversely affect our business and the ability to provide services to our customers. It is also possible that material contracts could be terminated or amended in other circumstances. If we fail to remain a party to a material contract that historically has formed part of our business or any such arrangement is terminated, this could have a material adverse effect on our business, results of operations and financial condition.

Failure to control customer churn may adversely affect our financial performance.

The success of our business plan depends to a large extent on our ability to control customer churn. Customer churn is a measure of customers who stop using our services. Customer churn could increase for, amongst other reasons:

- dissatisfaction with the quality of our customer service;
- customers moving to areas where we do not or cannot offer equivalent services;
- negative perception of our ability to continue to provide services required by our customers;
- our inability to continue to partner with financial institutions to offer mobile device subsidies or funding programs;
- interruptions to the delivery of services to customers over our network and poor fault management; or
- the availability of competing services, some of which may be less expensive, technologically superior or in addition to those that we offer, offer content or features that we do not offer (for example, live sports bundles for PayTV, including some parts of the football content that we do not offer) or offer an alternative telecommunications solution (for example, emerging or disruptive technologies and business models, which may seek to enter or gain market share in the telecommunications market in Spain). See also the risk factor*"—We operate in a highly competitive industry*."

Further, we will obtain a number of transitional and long-term services from the Vodafone Group pursuant to the Intercompany Agreements. Any failure or delay in the provision of such transitional and long-term services, or our inability to effectively obtain or provide such services following the expiry of the Intercompany Agreements, could have an impact on our ability to retain customers. See also "*—We will be reliant on the Vodafone Group for a period of time for the provision of certain services and any disruption to such services could be costly and materially and adversely affect our Group's business, results of operations, financial conditions and prospects*".

Our inability to control churn or an increase in churn as a result of any of these factors or otherwise could lead to a reduction in revenue, which could have a material adverse effect on our business, prospects, financial condition and results of operations. For instance, price increases in February and March 2023 with respect to our Vodafone brand customer contracts led to an increase in churn in the short term. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Our Results of Operations and Financial Condition—Multi-brand Strategy of Addressing Different Customer Segments with Tailored Value Propositions."

We may not generate sufficient cash flow to fund our growth or capital expenditures, ongoing operations and debt service obligations following Completion.

We have major capital resource requirements relating to, among other things, the following:

- developing and deploying new technologies and the products and services associated with them;
- maintaining the quality of our network, including overseeing our outsourced services, in a timely and cost-effective manner in order to sustain and expand our customer base, service offerings, quality of service and network capacity enhance our operating and financial performance and satisfy regulatory requirements;

- ensuring our brands are well recognized and favorably viewed in the Spanish market;
- continuing to improve the loyalty of our customer base and attracting new customers; and
- continuously improving our processes and procedures through the implementation of new and upgraded systems and technologies.

Our ability to fund our required capital expenditure and growth, ongoing operations and debt service obligations depends on our ability to generate positive cash flows after all such costs and/or raising of finance, such as drawing on our credit facilities. In particular, if we fail to maintain and improve our network, our services may be less attractive to existing and potential customers and we may lose customers to competitors who are able to provide higher quality services. This could negatively impact our financial condition and make it more difficult to fund our operations. In addition, our liquidity and capital resources requirements may increase if we expand into additional areas of operation. We may not generate sufficient cash flow or have access to sufficient funding to meet these requirements. If we fail to meet these requirements, it could have an adverse effect on our business, prospects, results of operations, financial conditions and our future growth could be significantly curtailed. Similarly, unexpected reductions in our cash flow as a result of adverse trading conditions may result in constrained operational expenditure which might result in a reduction in planned capital expenditure or investment, ultimately delaying operational improvements, and our future growth could be significantly curtailed, any of which could have a material adverse effect on our business, prospects, financial condition and results of operations.

If we are not able to meet our debt service obligations, we might have to sell off assets, attempt to restructure or refinance our existing debt or seek additional financing in the form of debt or equity. We may not be able to do so in a satisfactory manner, or at all, which would have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

The implementation of our business strategy may also expose us to additional competitive and operational risks, and may place additional requirements and strain on our infrastructure, systems, controls, procedures and management. In addition, our investments in new technology may not provide anticipated benefits or may expose us to additional risks, for example, due to poor implementation or due to unexpected outcomes of new functionalities. Some of our systems are interdependent and a failure of one of these systems may result in dependent systems failing and further may have a material adverse effect on our business, prospects, financial condition and results of operations.

Some of our employees are unionized and subject to collective bargaining agreements, failure to sustain a good working relationship with employee representatives, including workers' unions, could harm our business.

Some of our employees are members of various trade unions and adhere to collective bargaining agreements, and thus, we are exposed to the risk of strikes and other industrial actions. There can be no guarantee that the Acquisition will not adversely affect our relationship with our employees. When current collective agreements expire or agreements must be re-negotiated, we may not be able to conclude new agreements on terms and conditions that we consider to be reasonable, or without work stoppages, strikes or similar industrial action. The collective bargaining agreement that applies to us imposes certain obligations and restrictions under Spanish law on us that may adversely affect our flexibility to undertake adjustments to our workforce, restructurings, reorganizations and similar corporate actions in a timely manner or at all. Moreover, any restructuring or re-organizational measures that we succeed in carrying out may strain relations with employees and their representatives. This may in turn make it more difficult for us to subsequently negotiate, renew or extend collective agreements in a favorable and timely manner. Such actions, and the negotiation of new collective bargaining agreements, could result in delays in our ability to serve our customers in a timely manner or disrupt our operations and make it more costly to operate our business, any of which could have a material adverse effect on our business, financial condition, results of operation and prospects.

Our business may be affected by the process of consolidation in the telecommunications industry in Spain.

There has been significant consolidation activity in the Spanish telecommunications and television market in the past, primarily through mobile-centric operators acquiring fixed-line assets operators. These acquisitions led to a landscape of four main operators at the Spanish national level as of March 31, 2023: MasMovil, Orange Spain, Telefónica and us. In March 2024, Orange and MasMovil completed a joint venture combining their operations in Spain, with shareholders of the respective joint venture partners each holding a 50% stake in the joint venture. As a result of this merger, there are now three main operators at the Spanish national level.

While we have identified potential benefits that may accrue to us from the Orange/MasMovil merger, including potential pricing opportunities, particularly given the expected leverage of the combined Orange/MasMovil group, there is no guarantee that any such benefits will accrue to us in full or at all.

Our competitors could also gain advantages through the remedies provided in connection with the regulatory approvals required for the Orange/MasMovil merger and from future potential mergers, joint ventures and alliances among fixed-line, mobile, other telecommunications and television providers in Spain, including economies of scale. For example, as part of the Orange/MasMovil merger remedies, the excess spectrum from the joint venture has been awarded to Digi, a Romanian operator. There are concerns that this may restrict the ability of other market operators to scale up and invest in new technologies. Further consolidation in the Spanish telecommunications and television market may affect our business if it leads to, among other things:

- less capacity to influence regulatory matters;
- difficulty in accessing key television content at a price which allows for attractive margins;
- remedies ordered by anti-trust authorities which benefit our competitors or other market participants, such as divestments, including mobile spectrum, in favor of smaller operators or ordering terms of wholesale or roaming agreements in favor of MVNOs (see also "*—We are subject to anti-trust regulations which may affect our business and our ability to undertake certain corporate transactions*").
- the existence of competitors with greater market share in our territories and with greater local and/or financial resources and/or efficiencies of scale and/or access to additional brands; and
- an increase in the marketing spend by those larger integrated providers.

Our revenues, profitability and financial condition could deteriorate if any of these factors were to materialize and it becomes necessary to increase our operating costs and/or increase the level of our investments above those originally anticipated. In addition, if the market is increasingly concentrated between operators with greater scale than us, it could become more difficult for us to compete. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not be able to obtain or renew permits, concessions, licenses or other agreements it relies on to operate its business on equally favorable terms or at all.

We operate our business under certain permits, concessions, licenses, registrations and other agreements that may be difficult to obtain or are subject to periodic renewal and review procedures. For example, we rely on licenses to use spectrum to offer our services. Spectrum auctions are infrequent (no 5G or other mobile spectrum auctions are expected in the foreseeable future) and, since the allocation of frequency spectrum is controlled by the Spanish government, if additional frequency spectrum is required, it may not be possible or be prohibitively expensive to purchase additional spectrum via public auction or private sale. The emergence of new and/or disruptive technologies and business models may also make frequency spectrum more difficult or expensive to obtain in the future (see also "*—We operate in a highly competitive industry*" and "*—Our business is subject to rapid and significant change in technology and, if we fail to introduce new or enhanced products and services successfully, our revenues and margins could be lower than expected*."

Renewal of permits, concessions, licenses, registrations or agreements may be conditional on a variety of factors including, in respect of our spectrum licenses the payment of spectrum fees and conditions relating to deployment and coverage. These permits, concessions, licenses, registrations and agreements often contain extensive obligations with which the licensee is required to comply and may also include clauses which allow the grantor to terminate, revoke or alter them in the event of a change of control, default or to promote public interest. Failure to meet these requirements could also result in fines or other sanctions. In addition, our permits, concessions, licenses, registrations and other agreements are generally not be exclusive. As a result, competitors have similar permits, concessions, registrations, licenses, systems and provide services in areas in which we hold relevant permits, concessions, registrations and licenses.

We cannot be certain that we will be able to obtain the required permits, concessions, licenses, registrations or agreements or continue to satisfy the relevant requirements at the relevant review period or that renewal or continuation of these agreements will be possible or on similar or commercially viable terms or at all. Failure to obtain or the loss of one or more permits, concessions, licenses, registrations or agreements may affect the ability of us to offer our services in the ordinary course of business, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We operate in a highly competitive industry.

The Spanish telecommunications fixed line, mobile, TV and digital markets are highly competitive and may become more competitive in the future. We face significant competition from established, new and potential competitors that provide traditional telecommunications services, Over-The-Top content streaming ("**OTT**") or alternative wireless internet services in Spain who seek to offer converged services comprised of mix of fixed and Mobile voice services, internet and video broadcast services as well as emerging and disruptive technologies. See also "*—We may not be able to obtain or renew permits, concessions, licenses or other agreements we rely on to operate our business on equally favorable terms or at all*" and "*—Our business is subject to rapid and significant change in technology and, if we fail to introduce new or enhanced products and services successfully, our revenues and margins could be lower than expected*". Our success in this marketplace is affected by the actions of our competitors. In some instances, we compete against companies with various advantages, including larger financial resources, greater personnel resources, wider geographical coverage, ability to offer different converged services and more established relationships and greater access to content providers.

As a consequence of the telecommunications and mobile markets reaching saturation in certain of the most populated regions in Spain, there are a limited number of new subscribers entering the market in these regions. In order to maintain our subscriber base and market share in those regions, we are dependent on attracting a portion of our competitors' existing subscribers, which intensifies the competitive pressures.

To continue to compete now and in the future effectively, we will need to continue to successfully design and market our services, and anticipate and respond to various competitive factors affecting our markets, such as the introduction of new products and services by our competitors, pricing strategies adopted by our competitors (including buying market share by pushing customers to non-premium brands) based on large price discounts that generally affect all operators in the market, changes in consumer preferences and general economic and social conditions.

If we are unable to continue to compete effectively with our current and any potential future competitors or effectively anticipate or respond to consumer sentiment, we could lose existing and potential customers or see a reduction in ARPU, which could result in reduced market share, revenue, and operating margins with our financial performance falling substantially short of current expectations as a result. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations following Completion.

We rely on network sharing agreements to provide our services and depend upon other third-parties to access and maintain certain parts of our infrastructure.

We are dependent on various third-parties in order to provide our services in Spain. For example, we have entered into certain agreements with Orange Spain in 2018 in relation to the shared use of infrastructure and/or repeater equipment on certain Alta Velocidad Española ("**AVE**") lines and also in 2019 in relation to the sharing of their respective radio access networks across certain frequency bands and in the 2G, 3G, 4G and 5G technologies, and with Telefónica de España, S.A.U. ("**Telefónica España**") in 2017 (as amended in 2017, 2019 and 2020) in relation to the provision by Telefónica España of indirect access to broadband services and with Telefónica Móviles España, S.A. ("**Telefónica Móviles**") and Orange Spain in 2017 for the provision of transmission services and/or repeater equipment on certain AVE lines.

The agreements that we have entered into include deployment and maintenance undertakings provided by both we and the counterparty in relation to the establishment of specific numbers of sites and the maintenance of the relevant lines. We will therefore be reliant on third parties to invest in the maintenance and growth of their networks and to provide a reliable and high-quality service. Should the third parties fail, for any reason, to proceed with such development, or should such development be delayed, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

We will have limited or no control over the quality and consistency of the services that are supplied to it by third parties. Any deterioration in the provision of such services, a failure of any of these parties to perform their obligations under the agreements or our inability to extend any of the agreements on favorable terms or at all could negatively impact the scale and quality of the services that can be provided to our customers, which would have a material adverse effect on our business, prospects, financial condition and results of operations.

Nearly all of our business is concentrated in Spain and our growth prospects depend on demand for consumer and business telecommunications services, which is difficult to predict and may be negatively impacted by worsening economic conditions in the Spanish economy.

Our business operates predominantly in the Spanish market and our success is therefore closely tied to general political and economic developments in Spain, which cannot be offset by other markets. Negative developments in the Spanish economy, in particular, current inflationary pressures, may have a direct adverse impact on the spending patterns of retail consumers, both in terms of the product or products as part of a converged service they subscribe for and their usage levels. Current political instability and uncertainty at the national and regional levels may affect Spain's ability to access European and international financial markets and/ or cause an increase in the costs of financing effecting the execution of future growth plans which may impact our business.

We have benefited from the increased use of telecommunications products in Spain in recent years, and our future growth and profitability depend in part on demand for these services in the coming years. For example, fixed line, mobile, TV and digital market services are all an important part of our strategy. If one of our services no longer appeals to our customers, they may discontinue using our converged or stand-alone services altogether. Predicting changes in demand for different services is inherently difficult, and if demand for bundled services does not increase as expected due to customer behaviours changing, worsening economic conditions, or for other reasons, it could have a material adverse effect on our business, financial condition and results of operations.

Further, like the other operators in the industry, we base part of our strategy for attracting and retaining customers on mobile phone financing, this financing is completed using internal resources and the receivables sold to a third party annually. If worsening economic conditions impact customers' ability to access mobile phone financing, or make this more costly, customers may be unable or unwilling to finance the purchase of handsets and other hardware from us and so may delay their purchase of our products or services, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, we derive a substantial portion of our revenues from consumer, SME and SOHO customers, and therefore demand for our telecommunications services may be impacted in the event of deterioration of the economic conditions in Spain, in particular the potential ongoing impact of inflation on discretionary consumer spending and operating costs. If general economic conditions were to worsen or unemployment levels were to increase, it may be: (i) more difficult to attract and retain new and existing subscribers due to, amongst other things, financing constraints; (ii) more likely that existing customers downgrade or disconnect their services; (iii) more difficult to maintain ARPU at existing levels; and (iv) more difficult to expand into the public administration and corporate client segments. Furthermore, a deterioration in economic conditions could lead to a higher number of non-paying customers, a reduction in ARPU or generally result in service disconnections. As a result, any deterioration of the Spanish economy, including increases in unemployment rates, could result in declines in our revenue without a corresponding decrease in costs, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We rely on third party suppliers and licensors to supply services OTT and PayTV services.

We rely on a small group of suppliers and licensors to supply our OTT services including PayTV services to our customers, which are mainly offered as a packaged deal to broadband customers. Our suppliers often conduct business worldwide and their ability to meet our needs is subject to various risks, including political and economic instability, natural calamities, interruptions in production and supply chain systems, terrorism, labor issues (including actor and or writer labor disputes) and pandemics (such as COVID-19). Any shortfall in services from third party suppliers could lead to delays in connecting customers to our bundled services, and accordingly, could adversely impact our ability to retain customers or increase our revenue and cash flows. Also, if our suppliers and licensors experience financial difficulties and are unable to supply services, including television programming, the ability of our businesses to provide quality PayTV bundled services may be materially adversely affected, which in turn could affect our ability to attract and retain customers. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

Additionally, we engage in negotiating and renegotiating service agreements and our annual costs for programming can vary. There can be no assurance that we will be able to renegotiate or renew the terms of our service agreements on acceptable terms or at all. We expect that service costs, including programming and copyright costs, will continue to rise in future periods as a result of, among other factors, higher costs associated with the expansion of product offerings, re-transmission or copyright fees payable to public broadcasters. These could lead to a material adverse effect on our business, prospects, financial condition and results of operations.

We may not be successful at entering new businesses or broadening the scope of our existing product and service offerings.

We may expand or enter into new businesses that are adjacent or complementary to our existing businesses that broaden the scope of our existing product and service offerings, including but not limited to, for example, our plans to continue to drive growth in the value segment brands offered by Vodafone Spain of Lowi and Finetwork including extensions of their 5G and OTT content streaming services, and have recently begun to offer energy products to our customers; and wholesale relationships. Through the establishment of wholesale relationships, such as our recent contract renewal with Finetwork, which extends the utilization of Vodafone's fiber and mobile network for an additional five years, it is probable that our counterparts will exploit the emerging spectrum assets resulting from the regulatory remedies subsequent to the Orange/MasMovil joint venture. Furthermore, we may not achieve our expected growth or return on our capital expenditure if we are not successful in these efforts due to, amongst other things, incumbent wholesale relationships. In addition, entering into new businesses and broadening the scope of our existing product and service offerings may require significant upfront expenditures that may not be able to be recovered which could affect our strategy to implement cost-savings. These efforts may also divert our implementation of headcount reductions envisaged by us, our management and employee's attention and expose us to new risks and regulations. Any of these factors may have a material adverse effect on our business, prospects, financial condition and results of operations.

Our business is subject to rapid and significant change in technology and, if it fails to introduce new or enhanced products and services successfully, our revenues and margins could be lower than expected.

The fixed line and mobile telecommunications markets are characterized by rapid and significant changes in technology. The effect of future technological changes on our business cannot be predicted. It is possible that products or other technological breakthroughs, such as 6G and metaverse technology, may result in our core offerings becoming less competitive or a saturation of current underlying networks and render our existing products and services obsolete or require additional investment to address capacity constraints (for example, if we underestimate the evolution of network usage due to the speed of adoption of technological breakthroughs such as metaverse technology). There can be no guarantee that we will successfully anticipate the demands of the marketplace with regard to new technologies or that we can make the necessary investments to develop such technology. Furthermore, any of the new or enhanced products or services that we introduce may not perform as expected or products or services introduced by our competitors may be more appealing to customers. Any failure by us to successfully implement new technologies could adversely affect our ability to attract and retain customers and generate revenue growth, which in turn could have a material adverse effect on our business, financial condition and results of operations.

Conversely, we may overestimate the demand in the marketplace for certain new technologies and services. If any new technology or service that we introduce fails to achieve market acceptance, our revenue, margins and cash flows may also be adversely affected, and as a result we may not recover any investment made to deploy such new technology, which in turn could have a material adverse effect on our business, financial condition and results of operations, which in turn would adversely affect our business, financial condition and results of operations.

Our future success depends in part on our ability to anticipate and adapt in a timely manner to technological changes. This may require us to invest further in our existing operations or in new technologies in order to compete effectively with our competitors. We may not be able to obtain the funding or other resources required to adopt and deploy such new technology in a timely manner, which in turn could have a material adverse effect on our business, prospects, financial condition and results of operations.

In addition, we may not receive the necessary permits, concessions, licenses or agreements to provide services based on these new technologies in the relevant markets or we may be negatively impacted by unfavorable regulation regarding the usage of these technologies. In particular, the implementation and deployment of new technologies may require additional or alternative spectrum to be able to be used effectively or at all. See also the risk factors "*—We may not be able to obtain or renew permits, concessions, licenses or other agreements we relies on to operate our business on equally favourable terms or at all*" and "*—We operate in a highly competitive industry*."

If we are unable to effectively anticipate, react to or access technological changes in the telecommunications market or to otherwise compete effectively, we could lose subscribers, fail to attract new subscribers or incur substantial costs and investments to maintain our subscriber base, all of which could have a material adverse effect on our business, financial condition and results of operations.

We may also be required to incur additional marketing and customer service costs in order to retain existing customers and attract them to any upgraded products and services, as well as to respond to competitors' advertising

pressure, and potentially more extensive marketing campaigns, which may adversely affect our margins. Any of the above occurrences could have a material adverse impact on our business, financial condition and results of operations.

Any negative impact on the reputation of and value associated with our brands could adversely affect our business.

A number of brands, including Vodafone and Lowi, among others, are important assets of our business, developed through extensive marketing campaigns, website promotions, customer referrals, and the use of a dedicated sales force and dealer networks. Maintaining and enhancing the image and reputation of, and value associated with, these brands is central to the success of our business. The image and reputation of our brands, products and services may be adversely affected by several factors, including if concerns arise about (i) the quality, reliability and benefit/cost balance of our products and services, (ii) the quality of our customer service and support, (iii) our ability to deliver the level of service advertized, including in relation to connectivity and network speeds, or (iv) public disagreements among Zegona's shareholders or otherwise, which in turn may adversely affect our business, prospects, financial condition and results of operations. An event or series of events that threatens the reputation of one or more of our brands, or one or more of our products could have an adverse effect on the value of such brands or products and subsequent revenue therefrom. Restoring the image and reputation of our products and services may be costly and not always possible.

Further, due to the BLA, the reputation of the our business will to some extent be tied to the reputation of Vodafone Group. Any material adverse impact to the reputation of the Vodafone Group could therefore have a material adverse effect on our business, prospects, financial condition and results of operations. For further information, please see "*—We will have an ongoing relationship with Vodafone Group following Completion and, as a result, the future state or actions of Vodafone Group or any successor of Vodafone Group could adversely affect us*."

We rely on third party suppliers.

Our business depends on third party equipment and service suppliers, including for network maintenance services, commercial dealing, customer service and the provision of certain network equipment, who may fail to provide necessary equipment and services on a timely basis, fail to provide the equipment and services to the agreed upon standard, discontinue their products or seek to charge prices that are not reasonable, any of which could have a material adverse effect on our business, prospects, financial condition or results of operations.

We are dependent on third party suppliers for the provision of network infrastructure, network interconnection, equipment and associated services. The performance of equipment and services purchased from third party suppliers is not guaranteed to be error free or to ensure 100% service availability (and failures have occurred which have triggered service outages affecting our customers), and any such performance failures could adversely affect the level of service that we deliver to our customers.

Any breakdown or change in our relationships with our suppliers, any supplier declining to sell products or services to us for any reason, any material changes in prices, any disruption to the supply of products or services to us, any supplier having financial difficulties or going out of business and therefore not satisfying orders, or product liability claims relating to products supplied by third parties could have an adverse effect on our business. Should we be required to change a supplier, it may be that the particular products or services provided are difficult and/or time consuming to replace or that we have to incur additional costs in making the change or is unable to fully replicate the desired functionality. Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

Health risks, whether real or perceived, or other problems connected with mobile devices or their base stations and other technologies used by us, could result in less intensive use of mobile communications or other technologies.

Public perceptions of possible health risks associated with mobile communications technology, whether real or perceived, and the publicity they receive, together with any resulting legislation or litigation, could lead to a reduction in our number of customers, make the acquisition of new customers more difficult or incite customers to reduce their use of mobile telephones with a resulting reduction in our revenues or lead to an increase in operational costs to comply with new legislation and/or regulation. Such perceptions of health risks could also become linked to or associated with WiFi or other equipment, and if WiFi and/or mobile telephones become tarnished with such a reputation, we could experience a material adverse effect on our business, prospects, financial condition and results of operations, which, in turn, could have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, our insurance with respect to the potential

harm from electromagnetic radiation may not be sufficient to cover all or a substantial portion of any liability that we may face.

Unanticipated network interruptions and events beyond our control, including from natural disasters, may adversely affect our ability to deliver our products and services.

Our business depends on the continued and uninterrupted performance of our fixed broadband and mobile networks as well as our Vantage Master Services Agreement, our mobile network sharing agreement with Orange and our fixed network access agreements with Orange, Adamo, MasMovil and Telefónica to reach a wider customer base. Our agreement with Orange helps provide us with network efficiencies and faster deployment of 5G. System, network, hardware and software failures may occur and affect the quality of, or cause an unexpected interruption in, our service. Such failures could result in costly repairs and affect customer satisfaction, thereby reducing our customer base and revenues and damaging our brand image.

Moreover, if any part of our network or system infrastructure is affected by flood, fire or other natural disasters, computer viruses, cyberattack, terrorism, power loss, the impact of any government imposed restrictions as a result of any pandemic (including COVID-19) or other unforeseen events, it could result in reduced user traffic and revenue, regulatory penalties and/or penal sanctions or damages or require unanticipated capital expenditures. Our disaster recovery, security and service continuity and protection measures may not be sufficient to prevent loss of data or prolonged network downtime. Moreover, certain regions in which we operate are exposed to the developing threat of climate change and they may be affected by the environmental impact thereof, such as rising sea and air temperatures or extreme weather conditions which, in turn, could have an effect on the habitability of such territories and the cost and feasibility of providing telecommunications services. The effects of environmental disruption or other catastrophic events on our network infrastructure and equipment and on the economies of the regions in which we operate may have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes. Furthermore, our insurance may not cover all or part of any loss suffered as a result of such circumstances. See also the risk factor "*—We may incur liabilities that are not covered by insurance.*"

In addition, our business depends on certain sophisticated critical systems, including our network operating centre and billing and customer service systems. The hardware supporting those systems is housed in a relatively small number of locations and if access were to be restricted, or damage were to occur, to any of these locations or if those systems develop other problems due to a change in their location, there could be a material adverse effect on our business. Any significant interruptions in providing services could negatively impact our reputation and consequently impair our ability to obtain and retain customers which could have a material adverse effect on our business, prospects, financial condition and results of operations.

The interests of our shareholders may be inconsistent with the interests of holders of the Notes.

We are indirectly controlled by Zegona. See "*Shareholders*" and "*Certain Relationships and Related Party Transactions*." As a result, Zegona has, directly or indirectly, the power to affect, among other things, our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. In addition, Zegona controls decisions to enter into any corporate transaction and has the ability to prevent any transaction that requires the approval of shareholders regardless of whether our management believes that any such transactions are in our own best interests. For example, the shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends, in each case, so long as the Indenture, the New Senior Facilities Agreement, the Senior Facilities Agreement and the Intercreditor Agreement so permit. The incurrence of additional or more expensive indebtedness would increase our debt service obligations and the sale of certain assets could reduce our ability to generate revenue, each of which could adversely affect us. In addition, for compliance with certain restrictive covenants, we will depend upon the cooperation of Zegona, who has the power to effect compliance with such covenants. The interests of Zegona could conflict with the interests of holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Zegona may also have an interest in pursuing divestitures, financings or other transactions that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Notes. In addition, Zegona may, in the future, own businesses that directly compete with ours or do business with us. Zegona may also pursue via different portfolio companies acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

Risks Relating to Regulatory and Compliance Matters

We are subject to anti-trust regulations which may affect our business and our ability to undertake certain corporate transactions.

We are subject to anti-trust rules and regulations and we (as well as any other operators in the same industry) may be subject to review from time to time by competition authorities to monitor market power in any of the markets in which we operate. If we are deemed to hold significant market power, regulatory authorities may impose certain obligations to address competition concerns such as granting third-parties access to our bandwidth, frequency capacity, facilities or services to distribute their own services or resell our services to end-customers. No assurance can be given that we will not be identified as having anti-competitive market power in any relevant markets in the future (under current or proposed Spanish or European legislation) and that we will not be subject to additional regulatory requirements.

In addition, regulatory bodies may impose certain conditions on us in connection with any potential antitrust investigations or decisions in relation to future corporate transactions, such as mergers, acquisitions or sales, that we or other industry participants may wish to undertake (see also "*—Our business may be affected by the process of consolidation in the telecommunications industry in Spain"*).

Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

We operate in a highly regulated market as a result of which it may be required to make additional expenditures or limit our revenue-making operations.

We operate in a highly regulated market subject to the supervision of various regulatory bodies, including local, regional, national and European Union authorities. Changes in these regulations may increase our administrative and operational expenses or limit our ability to generate revenues. We are subject to rules and/or regulations relating to, among other things:

- the interconnection between different networks and the interconnection rates that we can charge and pay for fixed line and mobile connections;
- the authorization of renewals and transfers of customers;
- customer privacy and data protection and other consumer rights;
- intelligent network services;
- requirements to invest in content;
- the use of spectrum;
- access offered by mobile network operators ("**MNOs**") to mobile virtual network operator ("**MVNOs**");
- a variety of operational areas such as land use and environmental protection, technical standards and subscriber service requirements and legal interception obligations;
- significant market power and other restrictions relating to competition;
- audio-visual communication services;
- public grants and subsidies regulations;
- accessing content in the audio-visual market; and
- universal service obligations including the requirements of the National Universal Service Fund.

In addition, changes in other laws and regulations not directly related to our business may affect our business, prospects, financial condition and results of operations. For example, in March 2022, the Spanish Government approved Royal Decree-Law 7/2022, relating to requirements to guarantee 5G cybersecurity, which includes regulatory measures that prohibit or limit the market activity of entities deemed to be high risk. The scope and impact of any declaration that a supplier is high risk cannot be assessed at this stage but, if any declaration is made, it could have a material adverse effect on our business, prospects, financial condition and results of operations. See also the risk factor "*—We rely on third party suppliers*."

One of our regulators, the National Commission for Markets and Competition ("**CNMC**"), is required to review both the retail and wholesale telecommunications markets in order to: (i) define relevant markets; (ii) determine whether there is effective competition or not; and (iii) identify operators with significant market power. As a

result, it has imposed certain regulatory obligations on operators (for example notification and consent requirements in the event of a change of control), such as mobile and fixed-line companies.

Changes in applicable law, regulations, governing policy, or the interpretation and application of existing laws or regulations could adversely affect our business, financial condition and ability to introduce new products and services. Our business could be adversely affected by any changes in laws or regulations or their interpretation regarding, for example, authorization requirements, access and price regulation, interconnection arrangements or any change in policy allowing more favourable conditions for our competitors. Our ability to introduce new products or services may also be affected if it cannot predict how existing or future laws and regulations or policies would apply to such products or services. For example, regulations relating to digital sovereignty and AI could impact our ability to offer services in this new area or make the provision of such services more costly.

Many of our suppliers, particularly content providers and suppliers of equipment and services, are also subject to extensive regulation, which could adversely impact their ability to satisfy their obligations to us and thereby indirectly expose us to additional risks if such suppliers are unable to fulfil their obligations to us as a result of such regulation. These factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

The operation of our business is dependent on licensed technology and subject to illegal piracy risks.

We operate systems to transmit encrypted digital programs and services, including content over our mobile and fixed access digital television platform. Our billing and revenue generation for our services also relies on the proper functioning of such conditional access systems. While we have systems in place to protect us from the risk of illegal piracy, there can be no assurance that such systems always function as intended. There is a risk that we will not be able to successfully eliminate the piracy currently faced or that we may face in the future. In addition, there can be no assurances that any new conditional access system security that we may put in place will not be circumvented. Encryption failures could result in liability under the contractual arrangements with the content providers, lower revenues, higher costs and increased PayTV subscriber churn or otherwise have a material adverse effect on our business, prospects, financial condition and results of operations.

Our business may be adversely affected if there is unauthorised access to, or disclosure of, personal data.

In the ordinary course of business, we receive, stores, hosts, analyses, transmits and secures large volumes of personal data including but not limited to personally identifiable information, commercial and financial data. The telecommunications industry is often a target of cyberattacks by third parties seeking unauthorized access to business information or customers' information or seeking to disrupt the relevant entity's ability to provide a service. Computer malware, viruses, social engineering (predominantly phishing attacks) and general hacking have become more prevalent in recent years leading to certain high-profile security breaches. Cybersecurity attacks, such as phishing emails, have been attempted on our systems in the past, and are expected to be attempted on our systems in the future. Furthermore, our people could improperly or accidentally use or disclose confidential information provided by our customers or otherwise allow or participate in a security breach. Moreover, while we maintain security at our physical premises, there is no guarantee that such security will be fully effective at preventing physical security breaches. The increased use of mobile technologies and remote working can heighten these and other operational risks.

If a successful cyberattack or other security breach were to occur, our confidential or proprietary information, or the confidential or proprietary information of our customers, that is stored in, or transmitted through, our information systems or our network could be compromised or misappropriated. Any such cyberattack or other security breach, or any disruption of or failure in the physical or digital infrastructure or operating systems that support our information systems or our business, could significantly impact our ability to operate our business and could result in significant reputational damage for our and/or our customers' legal liability, the loss of customers or business opportunities and financial losses to the extent that such losses are either not insured against or not fully covered through any insurance maintained by us.

Furthermore, in the course of providing services to customers, we provide limited information to certain third parties, based on their scope of services, which such third parties may process or store. If these third parties fail to adopt or adhere to adequate data security practices, or in the event of a breach of their networks, our information or our customers' information could be improperly accessed, used or disclosed.

We rely on licensed encryption and authentication technology to ensure the secure transmission of the personal data that we receive from our customers. There can be no assurance that our systems and processes designed to protect our and our customers' information, to prevent information loss and to prevent or detect security breaches will provide absolute security. As cyber threats multiply, become more sophisticated and threaten additional

aspects of our business, we may also be required to expend additional resources on information security and compliance costs in order to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities or other exposures.

Any cyberattack or other security breach, or any disruption of or failure in the physical or digital infrastructure or operating systems that support our ability to operate our business could result in significant reputational damage for us. It could also result in legal liability, loss of customers or business opportunities and financial losses to the extent that such losses are either not insured against or not fully covered through any insurance maintained by us.

Any of these events could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are subject to regulatory requirements with respect to the protection of personal data and data security.

In the ordinary course of our business, we collect and process personal data. In the EU, we are subject to stringent regulations relating to the processing of (including the transfer and storage) personal data, including, in particular, the General Data Protection Regulation EU 2016/679 (the "**GDPR**") and, in Spain, Organic Law 3/2018 on Protection of Personal Data and Guarantee of Digital Rights, which deals with the domestic implications of the GDPR in Spain. The GDPR has been directly applicable in all Member States since May 25, 2018. The GDPR has significantly changed the EU/EEA data protection landscape, including strengthening of individuals' rights, stricter requirements on companies processing personal data and stricter sanctions with substantial administrative fines of up to €20 million, or up to 4% of total worldwide annual turnover for the preceding financial year, whichever is higher. We have previously been subject to administrative fines imposed by the Spanish Data Protection Agency for breaches of the GDPR.

In addition, the Privacy and Electronic Communications Directive 2002/58/EC sets out more specific privacy rights on electronic communications. It includes rules relating to marketing by electronic means (including marketing calls, texts and emails) and the use of cookies and similar technologies. It has been implemented into Spanish law by (among others) Spanish Law 34/2002 on information society services and electronic commerce and Law 11/2022 on Telecoms. The European Commission has proposed enhanced regulations concerning privacy and electronic communications (the "**e-Privacy Regulation**"), which would entail additional and stricter rules in respect of the use of personal data from electronic communications. The e-Privacy Regulation would establish fines similar to those included in GDPR. These regulations may affect the development of innovative services that would draw on consumer data, potentially creating a competitive disadvantage for undertakings subject to both the GDPR and the e-Privacy Regulation.

Regardless of the measures we adopt to protect the confidentiality and security of data, the risk of possible attacks or breaches of data processing systems remains, which could harm our reputation and give rise to fines and damages claims. In addition, we could incur additional costs in order to protect against these risks and/or to mitigate the consequences thereof, which could in turn have a material adverse impact on our business, prospects, financial condition and results of operations. Furthermore, any loss of confidence on the part of our customers as a result of such events could lead to a significant decline in sales and have a material adverse impact on our business, prospects, financial condition and results of operations.

Disruption, failure, cost to establish and ongoing management of core IT systems may adversely affect our financial performance.

Our business is dependent on the capacity and reliability of the IT systems that support our operations. These IT systems can be expensive to upgrade or maintain and are subject to performance degradation or failure for reasons within or outside the control of direct suppliers. There can be no assurance that new IT approaches or upgraded IT systems will perform as expected or will result in reduced spending for us. Any disruption or failure of current, or new, IT systems on which we rely could have a material adverse effect on our ability to deliver services to clients and may lead to direct or indirect financial losses and loss of clients. Further, we rely on Vodafone Group for the provision of certain transitional and long-term services pursuant to the Intercompany Agreements, which will include certain IT services. Following expiry of the Intercompany Agreements, we will need to source such IT services from third parties or provide them internally. However, we may not be entirely successful sourcing these IT services, which may incur higher implementation and running costs than the current arrangements. Any failure to avoid operational interruptions during the implementation of new IT services, or any failure to implement such new services, could disrupt our business and lead to liability towards third parties. For further information on the Intercompany Agreements, please see the risk factor "*—We will be reliant on the Vodafone Group for a period of time for the provision of certain services and any disruption to such services could be costly and materially and adversely affect our business, results of operations, financial conditions and prospects*."

Any of these factors could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are subject to risks from legal and arbitration proceedings.

We may in the future become involved in commercial disputes, as well as legal and arbitration proceedings, with public authorities or private entities, which involve claims for damages or other sanctions, for example arising out of dealer contracts entered into by us or any of our other members and administrative disputes related to sectoral and municipal taxes which may occur from time to time.

In the event of a negative outcome of any material proceedings, whether based on a judgement or a settlement agreement, we could also be forced to make substantial payments or accept other sanctions, which could adversely affect our reputation, business, prospects, financial condition and results of operations. In addition, the costs related to litigation and arbitration proceedings may be significant, they may exceed any provisions that we make to cover the costs which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We face risks arising from the outcome of various criminal, civil, administrative and regulatory proceedings.

From time to time, we are party to litigation and other legal or regulatory proceedings, claims or investigations, including by governmental bodies, licensing authorities, customers, suppliers, competitors, former employees, class action plaintiffs and others. From time to time, we may also become involved in litigation matters pending against entities that we acquire. Some of the proceedings against us may involve claims for considerable amounts and may require that our general management devote time to address the issues raised to the detriment of managing the business. In addition, such proceedings may result in substantial damages or fines and/or may impair our reputation, which could have a material adverse effect on our business and reputation. We may also be exposed to proceedings with our independent distributor partners, as well as other telecommunications operators.

Environmental and health regulations impose additional obligations and subject us to potential liability.

We are subject to various environmental and health and safety laws and regulations concerning issues such as damage caused by electro-magnetic radiation and working with electricity. These laws can impose liability for noncompliance, are increasingly stringent and may in the future create substantial compliance liabilities and costs. While we intend to comply with applicable environmental and health and safety regulations, it is possible that such compliance may prove to be costly. In addition, we may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders which could result in the closure or temporary suspension of, or adverse restrictions on, our operations. We may also become involved in proceedings with various environmental authorities that may require us to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. Third parties may also sue us for damages and costs resulting from such damage. Although we are currently not subject to any material litigation in respect of environmental or health and safety regulations, there can be no assurance that breaches of such regulations have not occurred or will not occur or be identified or that these regulations will not change in the future in a manner that could have a material impact on our business. Any such challenge filed with the competent authorities may prevent or delay the construction or operation of a site. The occurrence of any of the events described above could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may incur liabilities that are not covered by insurance.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. As a result of market conditions, premiums and deductibles for insurance policies can increase substantially, and in some instances, certain insurance policies may no longer be available, may be available but not economically viable relative to the liability to be insured against or may be available only for reduced amounts of coverage. While we maintain insurance in amounts we believe to be appropriate against risks commonly insured against in the industry, there can be no guarantee that all such risks are covered by insurance or that we will be able to obtain the levels of cover desired on acceptable terms in the future. In addition, even with such insurance in place, the risk remains that we may incur liabilities which exceed the limits of the insurance cover or are not covered by it at all. Should such a situation arise, it could have a material adverse effect on our business, prospects, financial condition and results of operations.

We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanctions programs.

We are required to comply with the anti-corruption laws and regulations of the jurisdictions where we conduct our operations, and in certain circumstances, with laws and regulations having extraterritorial effect such as the US Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010. The anti-corruption laws generally prohibit, among other conduct, providing anything of value to government officials for the purposes of obtaining or retaining business or securing any improper business advantage. As part of our business, we may deal with entities, the employees of which are considered government officials.

Additionally, our operations may be subject to economic sanctions programs and other forms of trade restrictions ("**sanctions**") including those administered by the United Nations, the European Union and the United States, covering the US Treasury Department's Office of Foreign Assets Control. As we provide telecommunications services to our clients when they travel to other countries (i.e., roaming), we therefore generate income in some sanctioned countries (in particular, Cuba and Iran). Without this service, our clients would not have access to telecommunications services when travelling to such countries. We have a system that controls and maps the revenues coming from sanctioned countries ensuring compliance with sanction regulations and anti-corruption laws and regulations.

Although we have internal policies and procedures in place designed to ensure compliance with applicable anti-corruption laws and sanctions regulations, there can be no assurance that such policies and procedures will be sufficient or that our employees, directors, officers, partners, agents and service providers will not occasionally take actions in violation of our policies and procedures (or otherwise in violation of the relevant anti-corruption laws and sanctions regulations) for which we may ultimately be held responsible.

Violations of anti-corruption laws and sanctions regulations could lead to financial penalties and to exclusion from government contracts and could have a material adverse effect on our reputation, business and results of operations.

Adverse changes in our tax position due to the application, interpretation or amendment of tax laws, rules, regulations or practices in relation to us are subject to uncertainties and we may become the subject of a dispute with a tax authority.

We may be adversely affected by any change in our tax position or status or in tax legislation or proposed legislation, or in the interpretation of tax legislation or proposed legislation by tax authorities or courts, tax rates. Taxation authorities may also challenge our application or interpretation of tax legislation, rules, regulations (including recording keeping requirements) or tax methodologies (including transfer pricing) or may seek to determine that the manner in which we operate does not achieve the expected or intended tax consequences.

We have in the past been, is and may in the future be, the subject of any disputes with tax authorities, certain of which have had both beneficial outcomes and certain of which have resulted in additional costs for us, which may take up a significant amount of management time. We could be subject to further audit, enquiry or investigation by, or be involved in dispute with, a taxation authority. Taxation authorities may seek to assess additional taxes on us and/or impose interest and penalties. Any successful challenge by a taxation authority could increase our effective tax rates. Any additional taxes or other assessments may be in excess of our current tax reserves and/or provisions. We may be required to modify our business practices to reduce our exposure to additional taxes going forward. Any of the risks identified above may have a material adverse effect on our business, prospects, financial condition and results of operations.

Risks Relating to Our Financial Information

The preparation of our financial statements involves judgments, estimates and assumptions, and changes in financial accounting standards may cause unexpected revenue fluctuations and affect our reported results of operations.

The preparation of our consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are considered by our management to be reasonable under the circumstances and at the time. These estimates and assumptions form the basis of judgments about the carrying values of assets and liabilities that are not readily available from other sources. Areas requiring more complex judgments may shift over time based on changes in our business mix and industry practice which could affect our reported amounts of assets, liabilities, income and expenses.

In addition, management's judgments, estimates and assumptions and the reported amounts of assets, liabilities, income and expenses may be affected by changes in accounting policy.

The entities that set accounting standards and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of our consolidated financial statements. These changes can materially impact how management records and reports our financial condition and results of operations. We may not be able to predict or assess the effects of these changes, and our implementation of new accounting rules and interpretations or compliance with changes in existing accounting rules could adversely affect our balance sheet or results of operations or cause unanticipated fluctuations in our results of operations in future periods.

This Offering Memorandum includes certain non-IFRS financial measures calculated using management estimates or projections and should not be relied upon in isolation when making an investment decision.

We include non-IFRS financial measures, including Adjusted EBITDAaL and Business EBITDAaL, in this Offering Memorandum because we believe that they provide a useful indication of what our EBITDA for the twelve months ended February 29, 2024 would have been under certain circumstances and assumptions as described herein. Accordingly, Adjusted EBITDAaL and Business EBITDAaL does not represent our actual results for any historical period nor should they be interpreted as an indication of our future performance. We present Adjusted EBITDAaL and Business EBITDAaL because we believe they provide useful information to our management and investors with respect to our overall operating performance by facilitating comparison of operating performance on a consistent basis by removing the impact of items not directly resulting from our operations. These amounts have not been audited, reviewed or verified by any independent accounting firm. Adjusted EBITDAaL and Business EBITDAaL do not constitute a measure of financial performance under IFRS or any other accounting standards, and you should not consider Adjusted EBITDAaL and Business EBITDAaL as alternatives to net income or any other performance measure derived in accordance with IFRS or any other accounting standards or as a measure of our results of operations or liquidity. See also "*Forward-Looking Statements*."

This information is inherently subject to risks and uncertainties. It may not give an accurate or complete picture of our results of operations for the periods presented and may not be comparable with our consolidated financial statements or the other financial information included in this Offering Memorandum. Such risks, uncertainties, assumptions and other factors may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by Adjusted EBITDAaL or Business EBITDAaL.

Risks Relating to Our Capital Structure

Our financial flexibility may be restricted by our level of indebtedness and/or our ability to generate sufficient cash flows to service our indebtedness or meet our financial covenants resulting in default under our debt arrangements, increases in financing costs or our inability to refinance our debt obligations.

After completion of the Transactions, we will be highly leveraged and have significant debt service obligations. After giving effect to the Transactions, we estimate that the ratio of our pro forma net debt to our Business EBITDAaL for the twelve months ended February 29, 2024 would be approximately 3.1x. In the event of material disruptions to cash flows, there is a risk that our total net debt outstanding to Business EBITDAaL ratio may not decrease at the anticipated rate or at all, or we will be unable to refinance our debt obligations or obtain future financing on favorable terms or at all.

We anticipate that we will continue to be highly leveraged for the foreseeable future.

Furthermore, we may incur substantial additional debt, including debt secured by the Collateral, in the future. Although the Indenture, the New Senior Facilities Agreement and the Senior Facilities Agreeemnt contain restrictions on the incurrence of additional indebtedness and creating of liens on the Collateral, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Some of this debt could rank pari passu with the Notes, be structurally senior to the Notes and the Notes Guarantees, benefit from "super priority" status in the distribution of certain enforcement proceeds or be secured on assets which do not form part of the Collateral for the Notes and the Notes Guarantees. If new debt is added to our existing debt levels, the related risks that we now face would increase. Increases in our total indebtedness could also lead to a downgrade of ratings assigned to us or the Notes, which could negatively affect the trading price of the Notes. In addition, the aforementioned agreements generally do not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

Our level of indebtedness, the covenants and other provisions contained in the Indenture, the New Senior Facilities Agreement and the Senior Facilities Agreement may have important consequences for our future prospects and financial condition including:

- increasing our vulnerability to both general and industry specific adverse economic conditions and limiting our flexibility to respond to such conditions;
- limiting our flexibility in planning for, or reacting to, changes in technology, customer demand and competitive pressures;
- placing us at a disadvantage compared to those competitors, who are less leveraged and restricted by financial covenants than us;
- limiting our ability to acquire or divest of assets;
- causing us to dedicate a substantial portion of our cash flow from operations to service the indebtedness and causing us to reprioritize the uses to which our capital is put to the potential detriment of our other business needs, which, depending on the level of our borrowings, prevailing interest rates and exchange rates fluctuations, could result in reduced funds being available for expansion, dividend payments, returns of value and other general corporate purposes;
- restricting the payment of dividends or conducting share buy-backs;
- increasing the cost of servicing our borrowings in the event such covenants are renegotiated; and
- materially and adversely affecting investor perception of us, leading to a decline in the price or value of our securities.

Our ability to raise capital or refinance our debt will also depend on a number of market factors out of our control, including the liquidity of the capital markets. In the event that market conditions prevent us from raising additional capital or refinancing our debt in the longer term, we may not be able to meet our debt repayment obligations at maturity. In addition, the terms of any refinancing indebtedness may be materially more burdensome to us than the indebtedness it refinances. Such terms, including additional restrictions on our operations and higher interest rates, could have a material adverse effect on our business, prospects, financial condition, results of operations.

The Indenture, the New Senior Facilities Agreement and the Senior Facilities Agreement contain a number of financial and restrictive covenants and other provisions that limit our ability to operate our business. For example, some of these provisions limit our ability to enter into mergers, make a substantial change to the nature of our business, make disposals, incur additional financial indebtedness, create security over assets, provide guarantees, make loans, make acquisitions and investments or undertake share buy-backs. A failure to comply with these obligations could lead to a default under the terms of the Indenture, New Senior Facilities Agreement or the Senior Facilities Agreement, which would prevent us from borrowing any additional amounts thereunder or the creditors thereunder declaring all outstanding principal and interest becoming immediately due and payable and there can be no assurance that our assets would be sufficient to repay such debt in full.

Furthermore, any inability to meet our repayment obligations in the longer term under our debt arrangements, including the Indenture, New Senior Facilities Agreement or the Senior Facilities Agreement, could trigger various default provisions, accelerate a substantial portion (if not all) of our debt and materially adversely affect our business, prospects, financial condition and results of operations.

Any failure to refinance the Bridge Facility on or prior to its maturity may result in the Issuer defaulting on its debt obligations.

The Company is required to repay the aggregate outstanding principal amount of the Bridge Facility in full on January 31, 2025 (subject to two six-month extensions). There is no guarantee that we will be able to raise sufficient funding to replace the Bridge Facility in full prior to such date. Under the Bridge Facility, we may be required to pay higher interest rates compared to alternative debt products that will increase over the life of such facility and we could remain subject to restrictive covenants to the extent amounts remain outstanding under the Bridge Facility, which may be more onerous than those that other debt investors may require and are generally more limiting than those in the Indenture or applicable to the New Senior Facilities, the Term Facility or the Revolving Credit Facility. This may expose us to an increased risk that we may be unable to generate sufficient cash flows to service the indebtedness or meet the covenants under the terms of the Bridge Facility or that our operations and financial flexibility will be constrained more than we anticipate. If we are not able to refinance the Bridge Facility or reduce the leverage of the borrower group in time, we may be required or decide to undertake other measures to facilitate such refinancing or deleveraging, which may include the accelerated disposal of assets or the incurrence of refinancing debt above the borrower group. If we are unable to repay the Bridge Facility in full through the Refinancing or an alternative refinancing, we would be in default under the Bridge Facility which would likely trigger a number of cross-defaults under our other debt (including under the Notes).

We may be exposed to interest rate risk related to the New Senior Facilities and the Senior Facilities, which could cause our indebtedness service obligations to increase significantly.

The interest rates on the New Senior Facilities and the Senior Facilities are linked to a margin over EURIBOR. Interest rates may increase in the future. As a result, interest rates on the New Senior Facilities and the Senior Facilities or any other variable rate indebtedness we may incur could be higher than current levels. If interest rates increase, our debt service obligations on our variable rate indebtedness (including the New Senior Facilities and the Senior Facilities) would increase even though the amount borrowed remained the same, and our profit and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Interest rate hikes in the future by the U.S. Federal Reserve, the Bank of England, the European Central Bank and various other governmental bodies in the countries we have, or will have, operations could have a material adverse effect on our business, financial condition, results of operation and prospects.

EURIBOR or other benchmarks may be discontinued or change in the future.

Various interest rate benchmarks (including historic EURIBOR) have been the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective, including the EU Benchmark Regulation (Regulation (EU) 2016/1011), while others are still to be implemented. The New Senior Facilities and the Senior Facilities bear interest at interest rates tied to EURIBOR.

EURIBOR has been subject to recent reform to comply with the relevant regulatory requirements of a critical benchmark, and there are no present plans to replace it with an alternative rate. However, similar future reforms and other pressures may cause EURIBOR or other such benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Based on the foregoing, you should in particular be aware that (a) any of these reforms or pressures or any other changes to a relevant interest rate benchmark, as well as manipulative practices or the cessation thereof, could affect the level of the published rate, including to cause a sudden or prolonged increase and/or to make it more volatile than it would otherwise be, which could have an adverse impact on our ability to service debt that bears interest at floating rates of interest, and (b) if EURIBOR (or any of their successors or other benchmarks) is discontinued, that may require amendments to the New Senior Facilities Agreement and the Senior Facilities Agreement or other documentation that references such rate and, in relation to any of our obligations which have not transitioned to a successor rate by the relevant date, then the rate of interest applicable to such obligations may be determined for a period by applicable fallback provisions, specified in the relevant documentation for such obligations, although such provisions, if they are dependent in part upon the provision by reference banks of offered quotations, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time).

In addition, due to the uncertainty concerning the availability of an appropriate successor rate and the involvement of an independent financial institution, the successor rate mechanism provided for by the agreements governing our floating rate debt may not operate as intended at the relevant time. Any elimination of the EURIBOR benchmark, or changes in the manner of administration of EURIBOR, could require an adjustment to the terms and conditions of our floating rate debt. Any such consequence could have a material adverse effect on the value of and return on any such floating rate debt. If EURIBOR were discontinued or otherwise unavailable, the rate of interest on our floating rate debt will be determined for the relevant period by the fallback provisions applicable to such debt.

Risks Relating to the Notes, the Notes Guarantees and the Collateral

The Issuer is a finance subsidiary that has no revenue-generating operations of its own and will be dependent on cash flows from the proceeds loan(s) or other payments or distributions from the Company or the subsidiaries of the Company to service the Notes.

The Issuer is a direct finance subsidiary of the Company and was formed for the purposes of raising financial debt and lending the proceeds from such debt on to other entities in the Group to refinance the Bridge Facility. The Issuer has no subsidiaries and no revenue-generating operations of its own and no material assets other than its rights and claims under the proceeds loan(s) to the Company. The Issuer's ability to make payments pursuant to the Notes and Notes Guarantees is therefore dependent on the interest or other payments it receives pursuant to the proceeds loan(s). If the Company does not make payments under the proceeds loan(s), or such payments are not sufficient, the Issuer may not have other sources of funds available to it that would permit it to make payments pursuant to the Notes.

In addition, the Company, which is the direct parent company of the Issuer, is a holding company which was formed for the purposes of facilitating the Transactions and has no revenue-generating operations of its own and no material assets other than the equity interests in its subsidiaries. Therefore, the ability of the Company to make payments under the proceeds loan(s) to the Issuer will be subject to the availability of profits or funds for such purpose which, in turn, will depend on the future performance of the Vodafone Spain Group which, to a certain extent, is subject to general economic, financial, competitive, legislative (including with respect to taxation), regulatory and other factors that may be beyond their control, and on the ability of the relevant Vodafone Spain Group companies to pay dividends or make other payments or distributions to the Company. The future performance of the Vodafone Spain Group may also impact the ability of the Vodafone Spain Group to service the Vodafone Intercompany Refinancing Loan and therefore impact the Company's ability to service the proceeds loan(s) from the Issuer. In addition, certain of our subsidiaries may be or become subject to restrictions on the payment of dividends or the making of other distributions to their respective parent companies pursuant to their financing arrangements, and such financing arrangements may actually prohibit the ability of these subsidiaries to otherwise move cash within the restricted group. There can be no assurance that our subsidiaries will generate sufficient profits or cash flow from operations or that alternative sources of financing will be available at any time in an amount sufficient to enable these subsidiaries to service their indebtedness and to fund their other liquidity needs and also make payments to the Company pursuant to the Vodafone Intercompany Refinancing Loan or otherwise to provide the Company with the funds to make the payments under the proceeds loan(s) to the Issuer to allow the Issuer to meet all payment obligations under the Notes. In such circumstances, holders of the Notes would have to rely upon claims for payment under the Notes Guarantees and enforcement of the security interest over the relevant Collateral, which are subject to the risks and limitations described herein. See also "*—The Notes Guarantees and the Collateral securing the Notes will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability*."

In addition, financial assistance or corporate benefit restrictions may prevent upstream loans, dividends or other distributions being made, directly or indirectly, to the Company or the relevant Guarantors by the Company's subsidiaries to enable the Company to service its obligations under the proceeds loan(s) and the Issuer or such Guarantors to service their respective obligations under the Notes or the Notes Guarantees. In particular, the ability of the Company's subsidiaries to pay dividends will generally be limited to the amount of distributable reserves available to each of them and the ability to pay their debt when due. Although the Indenture will limit the ability of the Company's subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to the Issuer and the Guarantors, there are significant qualifications and exceptions to these limitations. For instance, goodwill impairment and other non-cash charges in our profit or loss account, as well as charges recognized directly in equity, if incurred, could potentially reduce our subsidiaries' reserves available for distribution and thus reduce or prevent upstream dividend payments directly or indirectly to the Company.

The Notes will be structurally subordinated to the indebtedness or obligations of any future non-guarantor subsidiaries of the Company.

The Notes will be structurally subordinated to the liabilities of any future non-guarantor subsidiaries of the Company (other than the Issuer) that do not become, Guarantors and to the liabilities of any Guarantor to the extent that such liabilities exceed the principal amount of Notes that can be guaranteed or secured by such Guarantor. Generally, claims of creditors, including depositors, trade creditors and preferred stockholders (if any), of non-guarantor subsidiaries of the Company, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to their respective parent entity or the creditors of the Issuer or any Guarantor, as the case may be. Accordingly, in the event that any non-guarantor subsidiary of the Company becomes insolvent, is liquidated, reorganized or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer or any Guarantor, as the case may be, including the holders of the Notes, will have no right to proceed against the assets of such non-guarantor subsidiary; and
- creditors of such subsidiary, including depositors, trade creditors and preferred stockholders (if any) will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder (as applicable), will be entitled to receive any distributions from such subsidiary.

As such, the Notes and the Notes Guarantees will be structurally subordinated to the creditors, including depositors, trade creditors and any preferred stockholders (if any) of any non-guarantor subsidiaries of the Company.

In addition, subject to the Agreed Security Principles, the Notes will share the Notes Guarantees with the lenders under the New Senior Facilities Agreement and the Senior Facilities Agreement with respect to any amounts

outstanding under the New Senior Facilities, the Term Facility and the Revolving Credit Facility. Furthermore, the Indenture will, subject to certain limitations, permit the Issuer, the Company and its respective subsidiaries, including subsidiaries that are not Guarantors, to incur substantial additional indebtedness without such incurrence constituting a default under the Indenture, and such indebtedness may also be secured.See "*—Risks Relating to Our Business, the Acquisition and Our Operations and the Industry—Our financial flexibility may be restricted by our level of indebtedness and/or our ability to generate sufficient cash flows to service our indebtedness or meet our financial covenants resulting in default under our debt arrangements, increases in financing costs or our inability to refinance our debt obligations*."

The Notes will not initially be guaranteed by all the Guarantors or secured by all the Collateral.

Subject to the Agreed Security Principles, the Post-Issue Date Guarantors will become guarantors of the Notes by executing and delivering to the Trustee a supplemental indenture substantially in the form attached to the Indenture as further described under "*Description of the Notes—Guarantees*" and the Notes will be secured by the Post-Closing Collateral as further described under "*Description of the Notes—Security*." There can be no assurance that the Group will be successful in procuring such Guarantees and liens within the time period specified. In addition, the Guarantees and security interests will be limited as set forth in "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*" which limitations could be significant. It should be noted that if a guarantee or a security interest granted by a Guarantor in certain jurisdictions is granted or perfected after the secured obligation arose, such guarantee or security interest may be subject to clawback provisions under applicable local insolvency laws. See "*Limitations on Validity and Enforceability of the Guarantees and the Security Interests and Certain Insolvency Law Considerations*."

The amounts recoverable under the Notes Guarantees and the Collateral may be limited by financial assistance and other corporate benefit requirements.

The Notes Guarantees will provide the holders of the Notes with direct claims against the relevant Guarantor. However, the obligations of any Guarantor of the Notes under its Notes Guarantee will be limited under the Indenture to an amount which has been determined so as to ensure that amounts payable will not result in violations of applicable laws or otherwise cause such Guarantor to be deemed insolvent under applicable law or such Notes Guarantee to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantor to be held in breach of applicable law for providing the Notes Guarantee. As a result, a Guarantor's liability under its Notes Guarantee could be materially reduced or eliminated depending upon the amount of its obligations and upon applicable laws, and the Notes will therefore be structurally subordinated to the liabilities of the Guarantors to the extent that such liabilities exceed the principal amount of Notes that can be guaranteed or secured by such Guarantors.

In particular, claims against Guarantors incorporated in Spain will be limited and will not secure those obligations or liabilities which, if secured, will constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act. This means that security and guarantees granted by Vodafone Spain and its Spanish subsidiaries will only secure amounts used to refinance the Vodafone Spain Group's existing indebtedness and the proportional stake of associated interests, costs and expenses. They will not secure any portion of the Notes used to finance the acquisition of Vodafone Spain or the related interests, costs and expenses.

As a consequence, the guarantees and security interests granted by Vodafone Spain and its subsidiaries shall guarantee and/or secure an amount of principal of the Notes equal to the amount of the proceeds of the Notes that are applied to refinance the principal outstanding amount under indebtedness incurred under the Senior Facilities Agreement used for the Vodafone Intercompany Refinancing, together with any related outstanding interests and break costs (the "**Covered Principal**"), together with any interest and other amounts payable in respect of such principal amount. The relevant guarantees and/or security interests shall not extend to the rest of the principal of the Notes (the "**Uncovered Principal**") together with any interest and other amounts payable in respect of such principal, only to the extent guaranteeing and/or securing such amount constitutes or may constitute unlawful financial assistance within the meaning of Article 150 of the Spanish Companies Law in relation to any Spanish Guarantor incorporated or organized as a public limited company (*sociedad anónima*) under the laws of Spain or Article 143.2 of the Spanish Companies Law in relation to any Spanish incorporated or organized in Spain as a limited liability company (*sociedad de responsabilidad limitada*) under the laws of Spain.

For the avoidance of doubt, the Covered Principal and the Uncovered Principal, together with any interest and other amounts payable in connection with such principal amounts, shall be applied *pro rata* across the total balance of the Notes and in respect of each and every Note, individually.

The limitations indicated above shall not apply to Zegona Bidco, which shall be able to guarantee the full principal amount of the Notes.

The Indenture will limit all Notes Guarantees of the Guarantors in the Vodafone Spain Group in accordance with the foregoing.

In addition, Article 158 the Spanish Companies Act provides that the financial assistance restrictions referred to above in relation to transactions targeting shares of a Spanish parent company shall also be applicable to its non-Spanish subsidiaries carrying out such transactions. As a consequence, there is a debate among Spanish scholars on whether under Spanish law, the financial assistance restrictions referred to above in relation to the Guarantees and Collateral granted by Guarantors incorporated in Spain may also apply to the Notes Guarantees and Collateral granted by the subsidiaries of the Vodafone Spain Group not incorporated in Spain. The Notes Guarantees and Collateral will be further limited as set forth in "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

Pursuant to Article 401.2 of the Spanish Companies Act, Spanish limited liability companies (*sociedades de responsabilidad limitada*) cannot issue debt securities (*obligaciones*) for a total amount higher than two times its net assets (*recursos propios*), unless if such issuance is guaranteed by a mortgage, a pledge over securities, a public guarantee (*garantía pública*) or a joint and several guarantee (*aval solidario*) from a credit entity.

Certain scholars argue that the value of the guarantees or security interests created in order to overcome such limitation must be proportional to the value of the issuance of the notes and therefore, not any kind of guarantees or security interests would be enough for the purposes of overcoming the limitation stated in Article 401.2 of the Spanish Companies Act.

In addition, despite the literality of the aforementioned article, there is a debate among scholars on whether the aforementioned limit to the issuance of notes by Spanish limited liability companies (*sociedades de responsabilidad limitada*) applies not only to issuance of notes but also to guarantees granted by Spanish limited liability companies (*sociedades de responsabilidad limitada*) in the context of issuance of notes by third parties. Accordingly, the guarantee and security interests granted by Spanish limited liability companies (*sociedades de responsabilidad limitada*) in the context of the transaction may be subject to the limitation referred to in above.

The Issuer, the Guarantors and any other provider of Collateral securing the Notes will have control over the relevant Collateral, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents relating to the Notes allow the Company and the other Collateral providers to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from the Collateral securing the Notes to the extent that it relates to their assets. So long as no enforcement event has occurred, the Issuer and the other Collateral providers may, subject to certain restrictions, without any release or consent by the Security Agent, among other things, conduct ordinary course activities with respect to the Collateral, such as selling, abandoning or otherwise disposing of assets and making ordinary course cash payments, including repayments of indebtedness.

The claims of the holders of the Notes will be effectively subordinated to the rights of our existing and future secured creditors to the extent of the value of the assets securing such creditors which do not also secure the Notes.

The Notes will be secured only to the extent of the value of the Collateral at the time of enforcement. See "*Description of the Notes—Security*." Not all of our assets secure the Notes, and the Indenture will allow the Company and its Restricted Subsidiaries to secure any future Indebtedness (as defined in the Indenture) permitted to be incurred under the Indenture (which may be structurally senior to the Notes and the Notes Guarantees) with certain property and assets that do not secure the Notes. As of February 29, 2024, as adjusted to give effect to the Transactions, we would have had no third-party debt outstanding which was secured over assets other than the Collateral.

The value of such assets and property that do not secure the Notes could be significant. In the event of any enforcement, foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer or any Guarantor, the Notes and the Notes Guarantees will not benefit from the assets securing other secured debt and will rank equally with the holders of other unsecured indebtedness of the Company and its restricted subsidiaries with respect to any property or assets excluded from the Collateral securing the Notes. The assets remaining after repayment of such secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the relevant Notes Guarantee. As such, the claims of the holders

of the Notes will be effectively subordinated to the rights of such other secured creditors to the extent of the value of the assets securing such other indebtedness.

While the Indenture will create certain obligations to provide additional guarantees and grant additional security over assets, or a particular class of assets, whether as a result of the acquisition or creation of future assets or subsidiaries or otherwise, such obligations are subject to the Agreed Security Principles. The Agreed Security Principles set out a number of limitations on the rights of the holders of the Notes to be granted security or guarantees in certain circumstances. The operation of the Agreed Security Principles may result in, among other things, the amount recoverable under any Collateral provided being limited or security not being granted over a particular type or class of assets. Accordingly, the Agreed Security Principles may affect the value of the Collateral or Notes Guarantees provided by the Issuer and the Guarantors.

Even though the Collateral securing the obligations under the New Senior Facilities Agreement and the Senior Facilities Agreement is currently the same as the Collateral securing the Notes, this may not continue to be the case and circumstances may arise in the future in which lenders under the New Senior Facilities Agreement and the Senior Facilities Agreement may be granted the benefit of additional security or guarantees which are not otherwise permitted to be granted in favor of holders of the Notes due to the application of the Agreed Security Principles and, ultimately, Spanish financial assistance and corporate benefit rules. Accordingly, in such circumstances holders of the Notes would have no direct claim for payment against any such additional guarantor nor any rights as a secured party with respect to any such additional collateral.

In addition, in certain jurisdictions, including Spain and England and Wales, under mandatory proceeds distribution waterfalls, payments or distributions to certain groups of creditors of a company following an enforcement, foreclosure, dissolution, winding up, liquidation, reorganization, administration, other bankruptcy or insolvency proceeding or other similar process against such company may be subordinated to certain other unsecured indebtedness (such as certain bank debt, court, legal and current costs, taxes and impositions, state related obligations, personal injury claims and moral damage claims, severance benefits, copyright royalties or employee wages and other privileged claims). See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*." As a result, holders of Notes may receive less, ratably, than holders of certain types of secured indebtedness and/or of certain types of unsecured indebtedness of the Issuer or the relevant Guarantor.

As regards any of the Guarantors having their COMI (as defined below) in Spain, there may be certain post-insolvency credits (*créditos contra la masa*), which main feature is that these are pre-deductible (i.e., when these credits become due and payable) claims from the insolvent debtor's estate (excluding those assets of the insolvent debtor subject to in rem security). See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

The Notes Guarantees and the Collateral securing the Notes will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability.

Enforcement of any of the Notes Guarantees against any Guarantor or security interest against any security provider will be subject to certain defenses available to Guarantors or security providers in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally, which, as regards Spanish and English laws in force as at the date of this Offering Memorandum, are described in further detail under "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*." If one or more of these laws and defenses are applicable, a Guarantor or security provider may have no liability or decreased liability under its Notes Guarantee or security interest depending on the amounts of its other obligations and applicable law. See "*—The Guarantees and the Collateral will be limited by the amounts provided to the Vodafone Group via the Intercompany Refinancing Loan for purposes of the Vodafone Intercompany Loan Refinancing.*" Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of any Notes Guarantee against any Guarantor or of the Collateral against any security provider.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's or security provider's obligations under its Notes Guarantee or security interest, (ii) direct that the holders of the Notes return any amounts paid under a Notes Guarantee or security interest to the relevant Guarantor or security provider or to a fund for the benefit of the Guarantor's or security provider's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Notes Guarantee or security interest was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or security provider or, in certain jurisdictions, when the granting of the Notes Guarantee or security interest has the effect of giving a creditor a preference or the creditor was aware that the Guarantor or security provider was insolvent when the relevant Notes Guarantee or security interest was given;

- the Guarantor or security provider did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Notes Guarantee or security interest and the Guarantor or security provider was: (i) insolvent or rendered insolvent because of the relevant Notes Guarantee or security interest; (ii) undercapitalized or became undercapitalized because of the relevant Notes Guarantee or security interest; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Notes Guarantee or security interest was held to exceed the corporate objectives of the Guarantor or security provider or not to be in the best interest or for the corporate benefit of the Guarantor or security provider;

- the amount paid or payable under the relevant Notes Guarantee or security interest was in excess of the maximum amount permitted under applicable law; or

- the amount of the Notes Guarantee or security interest would exceed the amount of distributable funds available for distribution to the shareholders of the Guarantor or security provider.

These or similar laws may also apply to any future guarantee or security interest granted by any of our subsidiaries pursuant to the Indenture. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

We cannot assure you which standard a court would apply in determining whether a Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Notes Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds. The liability of each Guarantor under its Notes Guarantee or security provider under the relevant Security Document, will be limited to the amount that will result in such Guarantee or security interest not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor or security provider. There is a possibility that the entire Notes Guarantee or security interest may be set aside, in which case the entire liability may be extinguished. If a court decided that a Notes Guarantee or security interest was a preference, fraudulent transfer or conveyance and voided such Notes Guarantee or security interest, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor or security provider and would be a creditor solely of the Issuer and of any other Guarantor or security provider under the relevant Notes Guarantee or security interest which has not been declared void. In the event that any Notes Guarantee or security interest is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Notes Guarantee or security interest obligations apply, the Notes would be subordinated to all liabilities of the applicable Guarantor or security provider.

The security interests in the Collateral will not be granted directly to the holders of the Notes and the ability of the Security Agent or the Trustee, as applicable, to enforce the Collateral may be restricted by local law.

The security interests that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Notes Guarantees will not be granted directly to the holders of the Notes but to the Security Agent. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral. By accepting a Note, you will be deemed to have agreed to these restrictions. As a result of these restrictions, holders of the Notes will have limited remedies and recourse against us in the event of a default. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and the Intercreditor Agreement, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under applicable law. The Collateral may be

subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease. Furthermore, because the Indenture, the Notes, the Intercreditor Agreement and the security interests in the Collateral will be governed by the laws of a number of different jurisdictions, respective realization and enforcement may be further delayed by court proceedings being taken in multiple jurisdictions.

The security interests in the Collateral will be granted to the Security Agent rather than directly to the holder of the Notes.

The security interests that will secure the Issuer's obligations under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes but will be granted only in favor of the Trustee or the Security Agent, as applicable. As a consequence, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the Notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral. By accepting a Note, the holder of the Note will be deemed to have agreed to these restrictions. For further information, see "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement*." These arrangements could be disadvantageous to the holders of the Notes in a number of other respects. In respect of the Collateral, other creditors not subject to the Intercreditor Agreement could commence an enforcement action against the Company or its subsidiaries during such period, the Company or one or more of its subsidiaries could seek protection under applicable bankruptcy laws or the value of certain Collateral could otherwise be impaired or reduced.

Spanish law does not expressly recognize the concepts of security agents or trustees and therefore, the security agent or trustee structure may not be recognized by Spanish courts. In cases where an entity acts as security agent of the beneficiaries of the security interest or guarantee (i.e., the creditors of the secured obligations), such security agent must be duly empowered for that purpose at the time it acts as security agent. The enforcement of the security interest granted in favor of the holders of the Notes through the Security Agent may be conditioned to the existence of a power of attorney granted by each of the secured parties in favor of the Security Agent for such purpose. Therefore, if the Spanish security is enforced by the Security Agent, the Security Agent must prove that it is duly empowered for such purposes by means of a power of attorney granted in its favour by each of the creditors, duly notarized and, if applicable, bearing the Apostille of the Hague Convention of October 5, 1961 and also it may be necessary that each of the secured parties benefiting from such Collateral proves its title to the secured obligations, ratifies such Collateral and accepts the benefit of the security interest in its respective names. If no such power of attorney is provided or such power of attorney is not valid, the Security Agent may not be able to enforce the relevant Collateral on behalf of the holders of the Notes, which would result in the holders of the Notes not receiving the full amount owed or the amount secured by the relevant Collateral.

Therefore, there could be a delay in the enforcement of the Collateral in Spain while the Security Agent obtains such powers and the relevant public deeds are granted. In the absence of the notarized and apostilled powers of attorney, the Security Agent may not be able to enforce the relevant Collateral or security interests in Spain on behalf of the holders of the Notes, and there is a risk that the Security Agent would only be able to enforce the security interest against the debt that it individually holds, and not for the full amount owed to creditors for whom it may be acting as Security Agent. Further, those beneficial holders of the security who have not accepted the security or duly empowered (by means of notarial and apostilled powers of attorney) Security Agent to do so may be treated, from a Spanish law perspective including without limitation in an insolvency scenario, as unsecured creditors. Further, there is a risk that the relevant court or notary public before whom any Spanish security interest may eventually be enforced might request both the notarization of the documents from which the relevant obligations arise, and the notarization of each and every one of the transfer certificates regarding each and every transfer of the Notes.

In addition, the ability of the Security Agent or the Trustee, as applicable, to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. For example, in certain circumstances, the laws of certain jurisdictions, including Spain, may not allow for the appropriation of certain pledged assets (with the exception of enforcement of Collateral that may benefit from the protections afforded by RDL 5/2005 (as defined below), but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in, nor are directly parties to, a security document will be validly secured and/or can be enforced; this area of law is untested in the courts of certain jurisdictions. In particular, in order to empower the Security Agent to appoint an administrator out of court

to an English company, the floating charge granted by the relevant English company must constitute a qualifying floating charge for the purposes of English insolvency law. As such, the relevant security agreement containing the floating charge must state that (i) paragraph 14 of Schedule B1 of the Insolvency Act 1986 applies to the floating charge, (ii) the holder of the floating charge is empowered to appoint an administrator to the security provider, or (iii) the holder of the floating charge is empowered to make an appointment which would be the appointment of an administrative receiver within the meaning given by section 29(2) of the Insolvency Act 1986. Additionally, the floating charge must extend to the whole or substantially the whole of the applicable security provider's property (other than property subject to valid fixed charges under the relevant security agreement) in order for the holder of the charge to be entitled to appoint an administrator out of court. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

In certain jurisdictions, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement provides for the creation of "parallel debt" obligations in favor of the relevant Security Agent ("**Parallel Debt**") mirroring the obligations of the Issuer and the Guarantors owed to holders of the Notes under or in connection with the Indenture, as applicable ("**Principal Obligations**"). All or part of the pledges and other security interests in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. Under the provisions of the Intercreditor Agreement, the Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations and any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct has not been tested under law in certain of these jurisdictions and to the extent that the security interests in the Collateral created under the Parallel Debt construct are deemed not to have been validly granted, are unenforceable or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral. The concept of "parallel debt" may be questioned under Spanish law and we are not aware of any court precedent where it has been recognized by a Spanish court. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

The enforcement of certain of the Collateral and Notes Guarantees may be restricted by the laws of Spain.

Certain of the Collateral is governed by the laws of Spain and certain of the Guarantors are organized under the laws of Spain. Any enforcement of such Collateral or Notes Guarantees will be subject to the applicable laws of Spain, and Spanish courts could limit the enforceability of such Collateral against the Issuer or a Guarantor. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*Service of Process and Enforcement of Civil Liabilities*" for more information.

The Indenture will include language to the effect that each Notes Guarantee and each security interest granted as well as any other obligation under a Security Document will be limited so as to ensure compliance with local law. It should be noted that according to Spanish Insolvency Act, among others, the enforcement of secured creditors' rights (in rem security) or enforcement of guarantees to seizure assets of the guarantor, would be subject to a moratorium or suspended if already initiated, if the relevant company is declared insolvent or notifies commencement of negotiations with creditors to restructure its debts. Additionally, enforcement of the Collateral will be subject to the provisions of Spanish Procedural Law and the Spanish Insolvency Act (where applicable) and this may entail other issues or delays in the enforcement procedure. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security.*"

Holders of the Notes will not control decisions regarding the Collateral in certain circumstances.

The Security Agent, pursuant to the terms of the Intercreditor Agreement, serves as a common security agent for the holders of the Notes and other creditors under the New Senior Facilities Agreement and the Senior Facilities Agreement and certain other creditors under other credit facilities, hedge counterparties and other holders of additional debt. The Intercreditor Agreement provides that only the Security Agent has the right to enforce the Security Documents as provided for in the Intercreditor Agreement, and the Indenture regulates the ability of the Trustee or the holders of the Notes to instruct the Security Agent to take enforcement action. Subject to certain limited exceptions, the Security Agent will act with respect to the Collateral only at the direction of an "instructing group" (as defined under "*Description of Certain Financing Arrangements—Intercreditor Agreement*"). To the extent we incur additional indebtedness that is secured on a *pari passu* basis with the Notes, the voting interest of the holders of Notes in an instructing group will be diluted commensurate with the amount of indebtedness we incur.

Other creditors not subject to the Intercreditor Agreement could commence enforcement action against the Company or its subsidiaries during such period, the Company or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. In addition, any proceeds from an enforcement sale of the Collateral by any creditor will be applied *pro rata* in repayment of the Notes and any other obligations secured by such Collateral on a *pari passu* basis, which obligations may be significant. As a result, holders of Notes will share the proceeds of the enforcement sale of such Collateral with holders of other secured indebtedness of the Company or its Restricted Subsidiaries, such as the Term Facility, the Bridge Facility and the Revolving Credit Facility. See "*Description of Certain Financing Arrangements— Intercreditor Agreement*" and "*Description of the Notes*."

If the Security Agent sells Collateral comprising the shares of any of our subsidiaries as a result of an enforcement action or other distressed disposal in accordance with the Intercreditor Agreement, claims under the Notes and the Notes Guarantees and the liens over any other assets securing the Notes and the Notes Guarantees may be released. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*" and "*Description of the Notes—Security—Release of Liens.*"

The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such Collateral may be reduced or diluted under certain circumstances.

In addition to the Notes, the Collateral will also secure the obligations of the Issuer and the Guarantors under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain other future indebtedness permitted to be incurred and secured. For a description of the security over the Collateral, see "*Description of the Notes—Security*." In the event of an enforcement of the security interests in respect of the Notes, the proceeds from the sale of the assets underlying the security interests may not be sufficient to satisfy the Issuer's or Guarantors' obligations with respect to the Notes.

If there is an event of default under the Notes, the holders of the Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes. To the extent that the claims of the holders of the Notes exceed the value of the assets securing those Notes and other obligations, those claims will rank equally with the claims of the holders of all other existing and future senior unsecured indebtedness ranking *pari passu* with the Notes. As a result, if the value of the assets pledged as security for the Notes is less than the value of the claims of the holders of the Notes, those claims may not be satisfied in full before the claims of certain unsecured creditors are paid. See "*—The claims of the holders of the Notes will be subordinated to the rights of our existing and future secured creditors to the extent of the value of the assets securing such creditors which do not also secure the Notes."*

No appraisals of any of the Collateral have been prepared by us or on our behalf in connection with the offering of the Notes. The value of the assets underlying the pledges will also depend on many factors, including, among others, whether or not the business is sold as a going concern, the ability to sell the assets in an orderly sale, the condition of the economies in which operations are located, the availability of buyers and whether approvals required to purchase the business would be available to a buyer of the assets.

The Collateral that is pledged or assigned for the benefit of the holders of the Notes may provide for only limited repayment of the Notes, in part because most of these assets may not be liquid and their value to other parties may be less than their value to us. Likewise, we cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in the liquidation thereof. Most of our assets, including receivables, inventories, intellectual property rights and real property, will not secure the Notes and it is possible that the value of the Collateral will not be sufficient to cover the amount of indebtedness secured by such Collateral. With respect to any shares of our subsidiaries pledged to secure the Notes and the Notes Guarantees, such shares may also have limited value in the event of a bankruptcy, insolvency or other similar proceedings in relation to the entity's shares that have been pledged because all of the obligations of the entity whose shares have been pledged must first be satisfied, leaving little or no remaining assets in the pledged entity. As a result, the creditors secured by a pledge of the shares of these entities may not recover anything of value in the case of an enforcement sale. In addition, the value of this Collateral may decline over time. If the proceeds from an enforcement of the Collateral are not sufficient to repay all amounts due on the Notes, the holders of the Notes (to the extent not repaid from the proceeds of the sale of the Collateral) would have only a senior unsecured, unsubordinated claim against the Issuer's and any Guarantor's remaining assets.

The Indenture will also permit the granting of certain liens on the Collateral other than those in favor of the holders of the Notes. To the extent that holders of other secured indebtedness or third parties have liens on the Collateral, including statutory liens, whether or not permitted by the Indenture or the Security Documents, such holders or third parties may have rights and remedies with respect to the Collateral which, if exercised, could reduce the proceeds available to satisfy our obligations under the Notes. See "—The claims of the holders of the Notes will

be subordinated to the rights of our existing and future secured creditors to the extent of the value of the assets securing such creditors which do not also secure the Notes." Moreover, if we issue Additional Notes under the Indenture, holders of such Additional Notes would benefit from the same collateral as the holders of the Notes being offered hereby, thereby diluting your ability to benefit from the liens on the Collateral. In addition, under the terms of the Indenture, we may incur certain super priority indebtedness which may be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes as set out in the Intercreditor Agreement. As such, in the event of a foreclosure of the Collateral or any other distressed disposal, you may not be able to recover on the Collateral if the aggregate of the then outstanding claims under super priority indebtedness are greater than or equal to the proceeds realized. Your direct and indirect rights to the Collateral may therefore be diluted by any incurrence of super-priority debt secured by the Collateral.

The granting of the security interests in the Collateral may create hardening periods for such security interests in accordance with the laws applicable in certain jurisdictions.

The granting of security interests to secure the Notes, the New Senior Facilities Agreement and the Senior Facilities Agreement may create hardening, claw-back or voidance periods for such security interests in certain jurisdictions, including Spain and England and Wales. The applicable hardening period will run as from the moment each new security interest has been granted, perfected, extended or recreated, including those security interests created on a subsequent date pursuant to an undertaking or promise to create the relevant security interest by the relevant mortgagor or pledgor. In addition, the granting of a shared security interest to secure future debt may require the releasing and retaking of security or otherwise restart or reopen hardening periods in Spain or England and Wales, and the Indenture will permit the release and retaking of security granted in favor of the Notes in certain circumstances, including in connection with the incurrence of future debt.

The applicable hardening period for these new security interests will run from the moment each new security interest has been granted or perfected. If the security interest granted were to be enforced before the end of the applicable hardening period, the security interest may be declared void or ineffective and it may not be possible to enforce it under certain circumstances and subject to certain requirements.

If the provider of such security interest were to become subject to a bankruptcy or winding-up proceeding after the relevant collateral grant date, any security interest in Collateral delivered after the Issue Date would face a greater risk than security interests in place on the Issue Date of being voided by the security provider or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest.

The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. Furthermore, the Indenture will provide that the Collateral securing the Notes may be released and retaken in several circumstances. In Spain, for example, such a release and retaking of Collateral may give rise to new hardening periods in respect of the relevant security interests in the Collateral that are granted, perfected or released and retaken, and the security interests in the relevant Collateral would be subject to the same risks described herein. See "*Description of the Notes—Security.*"

See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" for a summary with the main considerations on English insolvency laws generally and Spanish insolvency law provisions on hardening periods and actions for rescission (*acciones de reintegración*) in force as at the date of this Offering Memorandum.

Certain Collateral may be difficult to enforce and may not benefit from the Collateral Directive.

In order to enforce pledges over "acciones" of a non-listed Spanish *sociedad anónima* (such as Vodafone Spain), the Security Agent may choose from various proceedings available to it, including mainly; (i) the enforcement proceedings for mortgaged and pledged assets established under Articles 681 to 698 of Spanish Act 1/2000, of January 7, 2000, on Civil Procedure; and (ii) the out-of-court proceeding provided in Article 1,872 of the Spanish Civil Code as complemented by Chapter V of the Title VII of the Notarial Law dated May 28, 1962. Other proceedings which might be faster or more favorable for the secured creditors may not be available to enforce a Collateral over non-listed shares even if the parties agree to be able to enforce through them, such us (i) the enforcement proceeding for financial collateral security established under Royal Decree-Law 5/2005, of March 11, 2005, on urgent measures to promote productivity ("**RDL 5/2005**"), which implemented in Spain the EU Directive 2002/47/EC of the European Parliament and of the Council, of June 6, 2002, on financial collateral arrangements (the "**Collateral Directive**") which are restricted to certain financial institutions and to collateral over certain type of assets (debt instruments or securities) and (ii) the procedure contemplated under Article 322

of the Spanish Commercial Code for securities). So long as the secured obligations have not been irrevocably and unconditionally paid or performed and discharged in full or otherwise cancelled, the use of any of the above proceedings may not be deemed to constitute a waiver of other available procedures. However, no assurance can be given that any such proceedings would be successful and any such steps may result in substantial legal costs and expenses that may not be recovered from the Issuer or through the enforcement of the Collateral.

Only the Collateral qualifying as financial collateral according to RDL 5/2005 could be enforced by means of appropriation and benefit from a simplified enforcement procedure. However, in the event that the Collateral does not qualify as financial collateral under RDL 5/2005 or a Spanish court concludes that the referred Collateral does not fall within the scope of RDL 5/2005 the relevant collateral (i) would not benefit from certain insolvency privileges; and (ii) can be enforced through other procedures available, such as through the sale of the pledged property in the market or in a public auction in accordance with the procedures contemplated under Articles 681 to 698 of Spanish Act 1/2000, of January 7, 2000, on Civil Procedure; Article 1.872 of the Spanish Civil Code and Article 322 of the Spanish Commercial Code, as applicable. No assurance can be given that a share pledge over "acciones" of a Spanish sociedad anónima or a collateral granted to secured creditors that do not qualify as financial institutions under RDL 5/2005 would qualify as financial collateral and benefit from RDL 5/2005 or any other law implementing the Collateral Directive in any jurisdiction. We cannot predict in which jurisdiction or which insolvency proceeding would be commenced or the outcome of such proceedings, and, in the event that the such Collateral does not benefit from the Collateral Directive, applicable insolvency laws may adversely affect the enforceability of the obligations of the Issuer and the enforcement of the relevant Collateral, or could result in substantial waiting periods, notice requirements and/or legal costs and expenses that may not be recoverable from the Issuer or through the enforcement of the relevant Collateral. See "*Service of Process and Enforcement of Civil Liabilities*," and "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

Rights in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the security provider. The liens on the Collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or parties on our behalf fail or are unable to take the actions we are required to take to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, and certain proceeds, only be perfected at or promptly following the time such property and rights are acquired and identified.

The disposal of pledged assets under the laws of Spain and certain other applicable jurisdictions will be subject to certain statutory restrictions and may be substantially delayed.

Appropriation or direct sale of pledged assets by the pledgee upon the occurrence of an enforcement event is generally not permitted under Spanish law (with the exception of enforcement of collateral which may benefit from the RDL 5/2005, under the terms described in "*—Certain collateral may be difficult to enforce and may not benefit from the Collateral Directive*") or the laws of certain other applicable jurisdictions. As a result, the enforcement of a share pledge governed by Spanish law or the laws of such other jurisdictions typically requires the sale of the relevant collateral through a formal disposal process involving a public or notarial auction or other similar procedures. No assurance can be given that any such disposal process would be successful and any such steps may result in substantial waiting periods, notice requirements, legal costs and expenses that may not be recoverable from the Issuer or through the enforcement of the Collateral. See "*Service of Process and Enforcement of Civil Liabilities*," and "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

Under English law, a collateral taker is not restricted from exercising available statutory rights (e.g., appropriation of financial collateral) or contractual rights of sale (e.g., the appointment of a receiver) in order to satisfy secured liabilities. The right of appropriation may be exercised in respect of financial collateral (including shares) provided that (i) the document granting the collateral constitutes a financial collateral arrangement within the meaning of the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Regulations**"); (ii) the security document expressly provides for the exercise of the right of appropriation under the Financial Collateral Regulations; (iii) the collateral taker values the appropriated financial collateral in accordance with the terms of the security document and, in any event, in a commercially reasonable manner; and (iv) there is an overt act by the collateral taker evidencing its intention to exercise the power of appropriation (e.g., by written notice to the collateral-provider). See also "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" for a summary of the appointment and role of receivers under English law.

In addition, upon the foreclosure of a share pledge where not all the share capital is pledged, the remaining shareholders and the company may have pre-emption rights under Spanish law or the laws of other applicable

jurisdictions (though not under English law) in the case of private limited liability companies or as set out in the bylaws of the company in the case of both private and public limited liability companies, where applicable, over the shares that are being foreclosed. This may delay the enforcement process or affect the value of the shares.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Notes Guarantees will be released automatically, without your consent or the consent of the Trustee.

Under a variety of circumstances, the Collateral securing the Notes will be released automatically, including, *inter alios*, a sale or other disposition of such Collateral in a transaction that does not violate the asset sale covenant of the Indenture, the achievement by the Notes of investment grade ratings and in connection with an enforcement sale permitted under the Intercreditor Agreement. See "*—Certain covenants will be suspended if we receive investment grade ratings*." Additionally, under a variety of circumstances, the guarantee of a Guarantor will terminate and release automatically, including, without limitation, a sale, exchange, transfer or other disposition of ownership interests in the relevant Guarantor such that the Guarantor does not remain a Restricted Subsidiary (as defined in "*Description of the Notes*"), the sale or disposition of all or substantially all the assets of the Guarantor. In addition, the Indenture will also permit us to designate one or more restricted subsidiaries that are Guarantors as unrestricted subsidiaries in certain circumstances. If we designate a Guarantor as an unrestricted subsidiary for purposes of the Indenture, all of the liens on the Collateral owned by such subsidiary and any guarantees of the Notes by such subsidiary will be released under the Indenture, subject to certain conditions.

For more information, see "*Description of the Notes—Release of Liens*," "*Description of the Notes—The Notes Guarantees*" and "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The insolvency laws of England and Wales and Spain may not be as favorable as insolvency laws in other jurisdictions.

The Issuer and the Company are incorporated under the laws of England and Wales and Zegona Bidco and the Guarantors in the Vodafone Spain Group are incorporated under the laws of Spain. There is a rebuttable presumption that the "centre of main interest" as defined in Regulation (EU) No. 2015/848 of the European Parliament and of the Council of May 20, 2015 on Insolvency Proceedings, as well as in the Spanish Insolvency Act, is the jurisdiction where the registered office is situated. In the event that the Issuer, the Guarantors, any other Collateral providers, or any other subsidiaries of the Company experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Any enforcement of the Notes Guarantees or security after bankruptcy or an insolvency event will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of England and Wales, Spain and other applicable jurisdictions may be materially different from, or in conflict with, U.S. bankruptcy laws, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive. For more information, see "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*—The enforcement of certain of the Collateral and Notes Guarantees may be restricted by the laws of Spain*."

The recovery from the enforcement of the Collateral may be complicated, involve long recovery times and a low recovery rate, and may be subject to regulatory approvals.

Enforcement of the share pledges held in respect of shares in the Group companies that are holders of spectrum licenses (VF España SA and VF Ono SA) would require approval of the relevant Spanish authorities (i.e., the MAETDPF) if such enforcement were deemed a transfer of those licenses where such licenses allow for the use of radio-electric public domain. This would occur when 100.0% of the shares or a lower shareholding that results in a change in the effective control of the relevant company is transferred as a result of the enforcement of the share pledges, i.e., a change of control, in accordance with the provisions of Royal Decree 123/2017, of February 24, on rules for the use of radio-electric public domain (*Real Decreto 123/2017, de 24 de febrero, por el que se aprueba el Regla mento sobre el uso del dominio público radioeléctrico*). In considering its approval, the relevant authority could take into account the ability of the new beneficiary to satisfy the conditions under relevant licensing agreements. Applicable provisions of FDI, competition law might also apply and, therefore, approval by Spanish and EU FDI and competition authorities might also be required for the transfer of shares following the enforcement of the share pledges taking into account the features of the new beneficiary and the relevant transaction.

The enforcement of share pledges over shares which form part of the Collateral could result in taxable income where debt obligations are released in connection therewith.

In connection with the enforcement of share pledges over shares of entities with outstanding debt obligations, any sale of such entities is likely to involve a release of some or all of the debt of such entity, which could result in taxable income to such entities. This taxable income, if any, could reduce the proceeds of any recovery from the enforcement of such share pledge. Therefore, the value of the pledge over the shares which form part of the Collateral may be limited.

Risks related to the Spanish withholding tax regime.

Pursuant to the provisions of the Royal Decree 1065/2007 of 27 July establishing the general regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended from time to time ("**Royal Decree 1065/2007**"), any interest payments made by the Spanish Guarantors to any holder of the Notes which receive payments under the Notes Guarantees, irrespective of whether such holder of the Notes is tax resident in Spain or not, shall not be subject to withholding taxes in Spain. The foregoing is subject to the conditions set forth in Law 10/2014, as defined below, being met (including that the Notes are admitted to listing on the Luxembourg Stock Exchange on the relevant payment dates and Paying Agent providing to the Issuer, or Spanish Guarantors, when applicable,within a timely manner with a certificate containing certain information as further described in "*Certain Spanish Tax Considerations—Disclosure of Information in Connection with the Notes*" below). The Issuer and the Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof.

Under Royal Decree 1065/2007, as amended, in order for interest payments under the Notes Guarantees may be free from Spanish withholding tax, it is required that the Notes: (i) are regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognized under Spanish regulations or under those of another OECD member state. The Issuer expects that the Notes will meet the requirements referred to in (i) and (ii) above, upon the admission of the Notes to listing on the Luxembourg Stock Exchange, and that, consequently, payments made to holders of the Notes under the Notes Guarantees should be paid free of Spanish withholding tax, provided the Paying Agent complies with the procedural requirements referred to above. If despite the procedures arranged between the Issuer and the Paying Agent to facilitate the collection of information concerning the Notes, the relevant information is not received by the Issuer or the Spanish Guarantors, if relevant, on each payment date, the Spanish Guarantor will withhold tax at the then-applicable rate (as at the date of this Offering Memorandum, 19%) from any payment of interest made in respect of the Notes Guarantees. In that event, the Spanish Guarantors will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required, except as provided in "*Description of the Notes—Withholding Taxes*".

Notwithstanding the above, in the case of Notes held by Spanish tax resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian (19%). Holders of the Notes must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes.

The procedure described in this Offering Memorandum for the provision of information required by Spanish laws and regulations is a summary only and the Issuer does not assume any responsibility therefor.

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws. Therefore, you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture will contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exemptions under the U.S. Securities Act. In addition, the Euro Notes will not be made available in denominations less than €100,000 and the Dollar Notes will not be made available in denominations less than $200,000. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is your

obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Book-Entry, Delivery and Form—Transfers*" and "*Notices*."

Additional Notes sold pursuant to Regulation S may not be fungible with existing Notes for U.S. federal income tax purposes.

Additional Notes sold pursuant to Regulation S from time to time may be issued with the same ISIN, Common Code, CUSIP or other securities identification number as the applicable series of notes previously issued under the Indenture without being fungible with such series of notes for U.S. federal income tax purposes. U.S. Holders (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*") considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market should consult their tax advisors concerning the particular U.S. federal income tax consequences of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of additional Notes that are not fungible with the applicable series of initial notes issued under the Indenture for U.S. federal income tax purposes, but which nevertheless are not capable of being separately identified. In the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests (as defined herein) in the Regulation S Global Notes that form part of that series, including in respect of investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes, will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series. Such a restriction could adversely impact the liquidity of sales of Book-Entry Interests in the Regulation S Global Notes. See "*Book-Entry, Delivery and Form—Transfers*" and "*Description of the Notes—Additional Notes.*"

There are risks related to the proposed Financial Transaction Tax.

Transactions in the Notes could be subject to the EU financial transaction tax, if adopted. On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax (the "**EU FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**Participating Member States**"). On December 8, 2015, Estonia indicated that it would no longer be a Participating Member State. The Commission's Proposal is still pending before the Council of the EU and its status is regularly discussed at the European and Financial Affairs Council. Moreover, in the course of 2020, the European Commission brought to the attention of the Council of the EU and the EU Parliament the possibility to propose, by June 2024, the introduction of a reshaped EU FTT as a new EU own resource. The Commission's Proposal has very broad scope and, if introduced in its current form, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal, the EU FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes provided that at least one party to the transaction is established or deemed established in a Participating Member State and that there is a financial institution established or deemed established in a Participating Member State which is party to the transaction, acting either for its own account or for the account of another person, or acting in the name of a party to the transaction. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The Commission's Proposal remains subject to negotiation between the Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or other Participating Member States may decide to withdraw. If the Commission's Proposal or any similar tax were adopted, transactions in the Notes could be subject to higher costs and the liquidity of the market for the Notes may be diminished.

Holders of the Notes may have adverse tax consequences in the event of an IPO Pushdown.

Under certain circumstances, the Group may undertake an "IPO Pushdown" (a transaction as described in "*Description of the Notes—IPO Pushdown*"), pursuant to which the Issuer is entitled to give notice that the terms of the Indenture and the Intercreditor Agreement will automatically operate so that, among other things, the references to the Company and its Restricted Subsidiaries (as defined in "*Description of the Notes—Certain Definitions*") shall apply only to the IPO Pushdown Entity (as defined in "*Description of the Notes—IPO Pushdown*") and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the Indenture.

Such modification to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modification for (ii) new Notes as in place after such modification (the "**New Notes**"). If such modification results in a deemed exchange for U.S. federal income tax purposes, it would generally be treated as a taxable transaction for U.S. federal income tax purposes, in which U.S. Holders (as defined under "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations"*) of the Notes would be required to recognize any gain or loss. Furthermore, for U.S. federal income tax purposes, the New Notes deemed issued in such a deemed exchange could be treated as issued with original issue discount. In such event, U.S. Holders would be required to include the original issue discount in their income as it accrues, in advance of the receipt of cash corresponding to such income. In addition, the determination of whether the New Notes are treated as "contingent payment debt instruments" as a result of the possibility of additional payments would be made at the time of the modification. U.S. Holders should consult their own tax advisers as to the U.S. federal income tax considerations relating to the potential modification of the terms of the Notes in connection with the IPO Pushdown. It is also possible that the IPO Pushdown could result in a taxable event for tax purposes other than U.S. federal income tax purposes.

The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended (the "TIA").

The Indenture with respect to the Notes offered hereby is not required to be, nor will it be, qualified under the TIA and will not incorporate or include or be subject to any of the provisions of the TIA. Consequently, the holders of the Notes will not be entitled to the protections provided under the TIA to holders of debt securities issued under a qualified indenture, including those respecting preferential collections by the Trustee or conflicting interests of the Trustee. See "*Description of the Notes*." For example, the eligibility and disqualification requirements of the TIA will not apply and, if they did, the Trustee would not be eligible to act as trustee under the Indenture if it was deemed to be under common control with the Issuer. See "*Certain Relationships and Related Party Transactions*."

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Owners of the book-entry interests will not be considered owners or holders of the Notes unless and until Notes in registered definitive form (the "**Definitive Notes**") are issued in exchange for book-entry interests. Instead, the common depositary for Euroclear and Clearstream (or their respective nominee) will be the sole holder of the Global Notes representing the Notes.

Payments of principal, interest and other amounts owing on or in respect of the Global Notes will be made to the Paying Agent, which will make payments to Euroclear and/or Clearstream, as applicable. Thereafter, such payments will be credited to Euroclear and/or Clearstream participants' accounts that hold book-entry interests in the Global Notes and credited by such participants to indirect participants. After payment to Euroclear and/or Clearstream, as applicable, none of us, the Trustee, the Transfer Agent, the Registrar or the Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and/or Clearstream, as applicable, or to owners of book-entry interests.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from the holders of the Notes, including enforcement of the Collateral. Instead, if you own a book-entry interest, you will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and/or Clearstream, as applicable, or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis. See "*Book-Entry, Delivery and Form.*"

We cannot assure you that an active trading market will develop for the Notes, in which case your ability to sell the Notes will be limited.

The Notes will be new securities for which there is no market. We cannot assure you as to:

- the liquidity of any market that may develop for the Notes; your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. The Initial Purchasers have advised

the Issuer that they currently intend to make a market in the Notes. However, the Initial Purchasers are not obliged to do so, and they may discontinue any market making activities at any time without notice. As a result, there is no assurance that an active trading market will develop for the Notes. If no active trading market develops, you may not be able to resell your Notes at a fair value, if at all.

You may be unable to recover in civil proceedings for U.S. securities laws violations.

The Issuer and each of the Guarantors are incorporated outside the United States and all of the directors and executive officers of the Issuer and the Guarantors are non-residents of the United States and all or a majority of their assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer, the Guarantors or their respective directors and executive officers, or to enforce any judgments obtained in U.S. courts predicated upon civil liability provisions of the U.S. securities laws. Additionally, there is doubt as to the enforceability in many foreign jurisdictions of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against ourselves, the Guarantors, the directors, controlling persons and management and any experts named in this Offering Memorandum who are not residents of the United States. See "*Service of Process and Enforcement of Civil Liabilities*."

The Notes may not remain, listed on the Official List of the Luxembourg Stock Exchange.

Although we will agree in the Indenture to use commercially reasonable efforts to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on its Euro MTF Market within a reasonable period after the Issue Date, and to maintain such listing as long as the Notes are outstanding, we cannot assure you that the Notes will remain listed. If we can no longer maintain the listing on the Luxembourg Stock Exchange, we may cease to maintain such listing, provided that we will use commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognised stock exchange," although there can be no assurance that we will be able to do so. Although no assurance is made as to the liquidity of the Notes as a result of listing on the Luxembourg Stock Exchange or another recognized listing exchange for high yield issuers in accordance with the Indenture, the delisting of the Notes from the Luxembourg Stock Exchange or another listing exchange in accordance with the Indenture may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of a change of control as required by the Indenture, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

Upon the occurrence of certain events constituting a "change of control" under the Indenture, the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to (but not including) the date of repurchase. If a change of control were to occur, we cannot assure you that we would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in the New Senior Facilities Agreement or the Senior Facilities Agreement or our other existing contractual obligations would allow us to make such required repurchases. A change of control may also result in a mandatory prepayment under the New Senior Facilities Agreement or the Senior Facilities Agreement and agreements governing any future indebtedness and may result in the acceleration of such indebtedness (even if such change of control under the New Senior Facilities Agreement or the Senior Facilities Agreement may be deemed not to be a change of control for the purposes of the Indenture). The ability of the Issuer to receive cash pursuant to the proceeds loan(s) or from the Company to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when we are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the holders or lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require additional financing to make an offer to repurchase the Notes upon the occurrence of a change of control, and we cannot assure you that we would be able to obtain such financing or that such financing would be on acceptable terms.

Any failure by the Issuer to offer to repurchase the Notes if so required would constitute a default under the Indenture, which could, in turn, constitute a default under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain other indebtedness. See "*Description of the Notes—Change of Control*."

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring, merger, recapitalization or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*," the Indenture does not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

In addition, in connection with certain tender offers for the Notes, if holders of not less than 90% in aggregate principal amount of the applicable outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such holders, the Issuer or such third party will have the right to redeem the Notes of such series that remain outstanding in whole, but not in part, following such purchase at a price equal to the price offered to other holders of Notes. See "*Description of the Notes—Optional Redemption*."

The term "all or substantially all" in the context of a change of control has no clearly established meaning under relevant laws and is subject to judicial interpretation such that it may not be certain that a change of control has occurred or will occur.

The definition of "change of control" in the Indenture will include (with certain exceptions) a disposition of all or substantially all of the assets of the Company and its restricted subsidiaries (taken as a whole), to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all," it has no clearly established meaning under relevant law, varies according to the facts and circumstances of the subject transaction and is subject to judicial interpretation. Accordingly, in certain circumstances, there may be a degree of uncertainty in ascertaining whether a particular transaction would involve a disposition of "all or substantially all" of the assets of a person, and therefore it may be unclear whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

Certain covenants will be suspended if we receive investment grade ratings.

The Indenture will provide that, if at any time following the Issue Date, the Notes issued under the Indenture receive an investment grade rating from at least two of S&P, Moody's and Fitch (or in the event that no rating of Moody's, S&P or Fitch then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization (as defined in "*Description of the Notes*")) and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time as the Notes are no longer rated investment grade by either ratings agency, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Certain Covenants—Suspension of Covenants on Achievement of Investment Grade Status*." At any time when these covenants are suspended, we will be able to, among other things, incur additional indebtedness, pay cash dividends and redeem subordinated indebtedness without restriction, each of which may conflict with the interests of holders of the Notes. In addition, in such circumstances, the Collateral may be released. See "*Description of the Notes—Security—Release of Liens.*" There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating if achieved will be maintained.

Negative changes in our credit ratings or the credit ratings assigned to the Notes may have a material adverse effect on our financial condition.

The credit ratings assigned to the Notes are an assessment by the relevant rating agencies of our ability to pay our debts when due, which is, in respect of payment obligations under the Notes, dependent upon dividends, other distributions and other payments from our subsidiaries. Consequently, real or anticipated changes in our or the Notes' credit ratings may generally affect the market value of the Notes. Ratings may not reflect the potential impact of all risks relating to structure, market and additional factors discussed in this Offering Memorandum, and other factors not discussed herein may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. An explanation of the significance of such rating may be obtained from the applicable rating agency. There is no assurance that such credit ratings will be issued or remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in the applicable rating agency's judgment, circumstances so warrant. It is also possible that such ratings may be lowered in connection with the application of the proceeds of this offering or in connection with future events, such as future acquisitions. Holders of the Notes will have no recourse against us or any other parties in the event of a change in or suspension or withdrawal of such ratings. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes.

A downgrade in our credit rating may negatively affect our ability to obtain future financing to fund our operations and capital needs, which may affect our liquidity. It may also increase our financing costs by increasing the interest rates of our outstanding debt or the interest rates at which we are able to refinance existing debt or incur additional debt.

Our credit rating may be impacted by a number of factors, including the effects of the economic conditions in Spain and any other countries in which we may operate in the future and any future rating downgrades of the sovereign debt of these countries, as well as changes in the legal framework or taxation applicable to our activities.

Any adverse developments with respect to our credit ratings could have a material adverse impact on our business, financial condition, results of operations and ability to make payments on the Notes and on the trading price of the Notes.

If the Notes are redeemed early, an investor may not be able to reinvest such proceeds in a comparable security.

In the event that the Notes are redeemed early in accordance with "*Description of the Notes—Optional Redemption*" or "*—Redemption for Taxation Reasons*" and depending on prevailing market conditions at the time, an investor who receives proceeds due to such an early redemption may not be able to reinvest such proceeds in a comparable security at an effective interest rate as high as that carried by the Notes.

The holders of the Notes may face foreign exchange risks by investing in the Notes.

The Euro Notes will be denominated and payable in euro and the Dollar Notes will be denominated and payable in U.S. dollars. If the holders of the Euro Notes measure their investment returns by reference to a currency other than the euro or if the holders of the Dollar Notes measure their investment returns by reference to a currency other than the U.S. dollar, an investment in the Notes entails foreign exchange related risks due to, among other factors, possible significant changes in the value of the euro or the U.S. dollar relative to the currency by reference to which holders of the Notes measure their investment returns because of economic, political and other factors over which we have no control. Depreciation of the euro or the U.S. dollar against the currency by reference to which the holders of the Notes measure their investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to the holders of the Notes when the return on the Notes is translated into the currency by reference to which they measure their investment returns. There may be tax consequences for holders of the Notes as a result of any foreign exchange gains or losses from any investment in the Notes. See "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*."

USE OF PROCEEDS

We expect to receive gross proceeds of €2,128 million from the offering of the Notes, which will be used by the Issuer to provide one or more proceeds loan(s) to the Company and the Company will use the proceeds therefrom, together with its borrowings under the New Senior Facilities and cash on balance sheet, to (a) repay amounts outstanding under the Bridge Facility and (b) pay costs and expenses incurred in connection with the Transactions.

The following table illustrates the estimated sources and uses of proceeds of the offering. Actual amounts might vary from estimated amounts depending on several factors, including the actual amount of expenses related to the offering and rounding effects.

Sources of Funds	Amount (€ million)	Uses of Funds	Amount (€ million)
Notes offered hereby[(1)]	2,128.0	Repayment of amounts outstanding under the Bridge Facility[(4)]	3,410
New Senior Facilities[(2)]	1,288.0		
Cash on balance sheet[(3)]	31.4	Estimated transaction costs[(5)]	37.4
Total sources	3,447.4	**Total uses**	3,447.4

(1) The principal amount of the Dollar Notes has been converted into euros at a rate of $1.00: €0.92, which represents the exchange rate as of July 9, 2024. The rate on which the actual conversion to euros will be made may differ.

(2) Represents $400 million principal amount of the dollar-denominated New Senior Facility and €920 million principal amount of euro-denominated New Senior Facility. The principal amount of the dollar-denominated New Senior Facility has been converted into euros at a rate of $1.00: €0.92, which represents the exchange rate as of July 9, 2024. The rate on which the actual conversion to euros will be made may differ.

(3) Management's estimate of cash and cash equivalents as of June 25, 2024 was €119.6 million, reflecting the impact of trading, working capital movements and capital expenditure as well as cash management following Completion of the Acquisition.

(4) Represents the repayment of €3,410 million in aggregate principal amount outstanding under the Bridge Facility, excluding any accrued and unpaid interest. The Bridge Facility was drawn in two tranches as follows (a) to pay the cash consideration to the Seller in connection with the acquisition and payment of costs and expenses in connection with the Acquisition and (b) to provide funds to Vodafone Spain via the Vodafone Intercompany Refinancing Loan to complete the Vodafone Intercompany Loans Refinancing. The net proceeds of the offering of the Notes, drawings under the New Senior Facilities and cash on balance sheet will be applied to repay and cancel each of the tranches of the Bridge Facility on a *pro rata* basis to their drawn amounts. For further information, see "*Description of Certain Financing Arrangements—Senior Facilities Agreement*."

(5) Represents estimated costs, fees and expenses associated with the Refinancing, including underwriting, legal, accounting, ratings advisory and other transaction costs and professional fees, excluding any accrued and unpaid interest. The actual amount of the costs, fees and expenses may differ from the estimated amount depending on several factors, including differences between our estimates of costs, fees and expenses and the actual costs, fees and expenses as at the completion of the Refinancing.

CAPITALIZATION

The following table sets forth the unaudited consolidated cash and cash equivalents and capitalization as of February 29, 2024, of:

- Vodafone Spain, on an actual basis, derived from the Condensed Consolidated Interim Financial Statements;
- the Company, as adjusted to give effect to the Acquisition, the Equity Contribution, and the drawdown of the Term Facility and the Bridge Facility and the use of proceeds therefrom, including the funding of a portion of the Acquisition consideration and the Vodafone Intercompany Loans Refinancing, as if they had occurred on February 29, 2024; and
- the Company, as further adjusted to give effect to the issuance of the Notes offered hereby, the borrowing under the New Senior Facilities and the use of proceeds therefrom as if they had occurred on February 29, 2024.

This table should be read in conjunction with "*Use of Proceeds*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Description of Certain Financing Arrangements*" and our Historical Consolidated Financial Information included elsewhere in this Offering Memorandum.

	As of February 29, 2024 (unaudited)		
	Vodafone Spain (actual)	Company as adjusted for the Acquisition	Company as further adjusted for the Refinancing
		(€ in millions)	
Cash and cash equivalents[(1)]	5.4	98.9	88.2
Senior Facilities[(2)]:			
of which Term Facility[(3)]	—	500.0	500.0
of which Bridge Facility[(3)]	—	3,410.0	—
of which Revolving Credit Facility[(4)]	—	—	—
Notes offered hereby[(5)]	—	—	2,128.0
New Senior Facilities[(6)]	—	—	1,288.0
Intercompany loan payable to Vodafone Group[(7)]	3,300.0	—	—
Total debt	**3,300.0**	**3,910.0**	**3,916.0**
Total equity[(8)(9)]	**475.6**	**1,190.0**	**1,190.0**
Capitalization	**3,775.6**	**5,100.0**	**5,106.0**

(1) On an actual basis, the historical amount represents cash and cash equivalents shown in Vodafone Spain's Condensed Consolidated Interim Financial Statements as of February 29, 2024. The as adjusted amount for the Acquisition represents management's estimate of cash and cash equivalents as of May 31, 2024, after payment of fees and expenses relating to the Acquisition. The as adjusted amount for the Refinancing represents management's estimate of cash and cash equivalents as of June 25, 2024, reflecting the impact of trading, working capital movements and capital expenditure as well as cash management following Completion of the Acquisition with further adjustments to give effect to the Refinancing as set forth under "*Use of Proceeds*." The actual amounts outstanding on the Issue Date may vary as a result of fluctuations in working capital requirements.

(2) On May 24, 2024, the Company entered into the Senior Facilities Agreement, which provides for a €500 million Term Facility, €3,410 million Bridge Facility and €500 million Revolving Credit Facility. See "*Description of Certain Financing Arrangements—Senior Facilities Agreement*."

(3) On the Acquisition Closing Date, the amounts drawn under the Bridge Facility and the Term Facility, together with the Equity Contribution, were used to (i) pay the Acquisition consideration, (ii) complete the Vodafone Intercompany Loans Refinancing, and (iii) pay costs, fees and expenses incurred in connection with the Transactions. The Term Facility matures on January 31, 2029 and the Bridge Facility matures on January 31, 2025 (subject to two six-month extensions). See "*Description of Certain Financing Arrangements—Senior Facilities Agreement*."

(4) Borrowings under the Revolving Credit Facility may be used for general corporate purposes and working capital requirements of the Group (including, for the avoidance of doubt, capital expenditure and acquisitions). The Revolving Credit Facility is available in an amount up to €500 million until January 31,

2029 and is expected to be undrawn as of the Issue Date. See "*Description of Certain Financing Arrangements—Senior Facilities Agreement*."

(5) The proceeds of the Dollar Notes have been converted into Euro at a rate of $1.00: €0.92, which represents the exchange rate as of July 9, 2024. The rate on which the actual conversion to euros will be made may differ.

(6) On or around the Issue Date, the Company expects to enter into the New Senior Facilities Agreement, pursuant to which it expects to draw $400 million principal amount of the dollar-denominated New Senior Facility and €920 million principal amount of euro-denominated New Senior Facility. The principle amount of the dollar-denominated New Senior Facility has been converted into euros at a rate of $1.00: €0.92, which represents the exchange rate as of July 9, 2024. The rate on which the actual conversion to euros will be made may differ. See "*Description of Certain Financing Arrangements—New Senior Facilities Agreement*."

(7) Represents the intercompany loan payable to Vodafone Group that was refinanced with the borrowing under the Vodafone Intercompany Refinancing Loan excluding accrued interest.

(8) The actual amount represents total equity as shown in Vodafone Spain's Condensed Interim Financial Statements as of February 29, 2024. Total equity as adjusted for the Acquisition reflects the Equity Contribution received by the Company in connection with the Acquisition. This item does not reflect the accounting treatment of the Transactions, in particular, any purchase price accounting with respect to the Acquisition.

(9) On the Acquisition Closing Date, €1,190 million was contributed to the Company as equity contribution through intermediate holding companies. As of June 21, 2024, the total market capitalization of Zegona Communications plc was €2.3 billion, of which the market value of the shares underlying the Equity Contribution was €2,244 million. See "*Shareholders*" for further detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provide information that we believe is relevant to an assessment and understanding of our financial condition and results of operations for the periods under review and should be read together with our Historical Consolidated Financial Information. The consolidated financial statements referred to in this discussion have been prepared in accordance with IFRS (i.e., UK-adopted international accounting standards). This discussion contains forward-looking statements that are subject to numerous risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements for many reasons. See "Forward Looking Statements" and "Risk Factors" for a discussion of important factors to be evaluated in connection with an investment in the Notes.

In this section, unless the context otherwise requires, the term "Group," "we," "us" and "our" refers to the Company and its consolidated subsidiaries on or after the date of Completion (controlled by Zegona Communications plc) and Vodafone Spain and its consolidated subsidiaries prior to the date of Completion (controlled by the Vodafone Group).

Overview

We provide a wide range of services connectivity and cater to both our Consumer and Business segments.

Consumer segment overview

We hold the third-largest market share position in the Spanish consumer market based on number of lines (as of December 31, 2023). Our Consumer segment provides mobile, fixed broadband, fixed voice and TV services to customers across Spain via a multi-brand strategy. Through the Vodafone, Lowi and Finetwork brands, we offer personalized services tailored to the needs of different customers. This multi-brand model for customer service and marketing has allowed us to target all key Spanish customer segments, ranging from premium to value sections of the market. Vodafone is our premium brand, focused on offering superior products and the provision of differentiated PayTV content. Lowi is our digital value brand, focused on providing high-value, lower-cost mobile and fixed broadband services mainly through digital channels. Finetwork is a low-cost fiber and mobile service provider to which we resell our telecommunications services. In May 2024, we agreed a wholesale agreement with Finetwork to provide wholesale access services to its customers under an MVNO model until May 2034, which we do not expect would materially affect our Business EBITDAaL or Business Cash Flow. For the financial year ended March 31, 2023, we derived 74%, 14% and 5% of our Consumer segment service revenue from the Vodafone, Lowi and Finetwork brands, respectively, with the remainder from prepaid mobile.

Business segment overview

We hold the second-largest market share position in the Spanish business market based on number of lines (as of September 30, 2023). We offer a comprehensive portfolio of business products and services covering connectivity services such as mobile and fixed broadband, as well as additional business services such as IoT, IP-VPN, cyber security and cloud and hosting services. In particular, we are a leading operator in IoT technology, with 5.1 million SIMs as of February 2023, representing an increase of 1 million SIMs compared to March 2022. We also provide secure connectivity through dedicated fiber lines, private 5G mobile networks and digital workplace solutions to business customers. Through the products and services of our Business segment, we address business customers of all sizes, ranging from small home offices to global enterprises. For the year ended March 31, 2023, SOHOs, SMEs, corporates, public administrations and global enterprises represented 29%, 29%, 22%, 12% and 8% of our business revenues, respectively.

Key Factors Affecting Our Results of Operations and Financial Condition

Our results of operations and financial condition are affected by a variety of factors, a number of which are outside our control. Set out below is a discussion of the key factors that we believe affected our results of operations and financial condition during the periods under review and those which our directors and management team currently expect to affect our operations and financial results in the future. Factors other than those presented below could also have a significant impact on our results of operation and financial condition.

Our Subscriber Base

Mobile customers consist of subscribers for voice services (including incoming and outgoing calls), SMS and MMS services, data services for handsets, and mobile broadband services (wireless internet access through a laptop, tablet or dongle). Mobile customers includes both prepaid SIMs customers and mobile customers with

a post-paid contract. Fixed broadband customers consist of subscribers for broadband services with access via a physical fixed line connection. Consumer converged customers consist of subscribers that subscribe to both mobile and fixed broadband services, that are either provided under a single contract, or under separate contracts for which the customer receives additional benefits on top of the fee they pay for the individual contracts (e.g., discounts, additional bundle allowance, etc.).

Our subscriber base evolution is driven by market dynamics (including competition-driven price evolution, demographics, technological innovation and changing customer behavior), gross connections market share (our ability to capture new subscribers), and our churn rate (which measures our ability to retain existing customers).

The table below sets forth our total customer numbers across our range of service offerings for the periods indicated:

	As of March 31,			As of February 29,
(in thousands)	**2021**	**2022**	**2023**	**2024**
Mobile Closing Customers[(1)]	13,244	13,590	13,490	13,829
Consumer Contract – Converged Customer Accounts[(2)]	2,302	2,212	2,185	2,129

(1) "Mobile Closing Customers" is defined as a Subscriber Identity Module ("**SIM**") customer, or in territories where SIMs do not exist, a unique mobile telephone number assigned to customers that has access to the network for any purpose (including data only usage) except telemetric applications and SIMs used in wearables – gadgets that are meant to be worn by people (e.g., smartwatches).

(2) "Consumer Converged Customers" is defined as the number of customer accounts with any combination of services that at least includes one mobile and one fixed line service, that are either provided under a single contract, or under separate contracts for which the customer receives additional benefits on top of the fee they pay for the individual contracts (e.g., discounts, additional bundle allowance, etc.).

While our focus is on a highly convergenced customer base, we also track the total number of one month active customers with subscriptions to broadband services with access via a physical fixed line connection, which has been 3.2 million, 3.0 million, 2.9 million and 2.8 million as of March 31, 2021, 2022 and 2023 and February 29, 2024, respectively.

"**Churn**" refers to the percentage of subscriber disconnections during a given period. The churn rate reflects in large part the attractiveness of offers and pricing compared to other operators, the subscriber experience and perception of the brand, the perceived quality of our network (including its coverage) and the perceived quality of our services (including customer care). The churn rate may also be impacted by shifts in subscriber status (where a subscriber becomes active or inactive), subscription duration and other factors.

Between March 31, 2021 and February 29, 2024, churn for the Vodafone brand decreased from 26% to 19%, the churn for the Lowi brand decreased from 24% to 21% and the churn for the Finetwork brand increased from 23% to 31%. Positive churn evolution in our Vodafone and Lowi brands has primarily been driven by convergent customer base penetration and operational improvements in our customer-related processes, like billing, promotions and renewals. The growth of our Vodafone brand has also been driven by campaigns to increase customer retention with subsidized devices.

ARPC is driven primarily by prices for our services, traffic volume, data services utilization and revenue from termination rates for incoming calls.

Between March 31, 2021 and February 29, 2024, ARPC for the Vodafone brand increased from €47.8 to €51.1 per month, the ARPC for the Lowi brand remained stable increasing from €21.2 to €21.3 per month and the ARPC for the Finetwork brand increased from €17.8 to €20.9 per month. ARPC for our Vodafone brand grew due to the introduction of CPI-linked price increases and convergent customer base penetration, which holds higher value. Our Lowi brand has largely remained stable, while our Finetwork ARPC has grown as a result of convergent customer base penetration.

Multi-brand Strategy of Addressing Different Customer Segments with Tailored Value Propositions

In our Consumer segment, we have pursued a multi-brand model of marketing and customer service that has allowed us to target all key Spanish customer segments by offering different value propositions across key consumer distribution channels. Our business operates the multi-brand model across mobile and fixed networks allowing us to provide converged offerings to both our premium (Vodafone) and value (Lowi and Finetwork)

market segments, which all provide similar levels of service quality for the services they offer in common. Despite the growth in postpaid mobile subscribers, we maintain our market leadership in the prepaid mobile sector.

Our sales channels also vary by brand. We use remote direct sales through our Vodafone and Lowi websites and mobile platforms and telesales, both customer-led enquiry and active telemarketing. We have a large physical retail network through our Vodafone brand stores and distributors. Our sales channels also include third-party resellers and the Finetwork brand, to which we resell our telecommunications services. We leverage these sales channels to offer our customers a range of service options tailored to their needs through both bundled service offerings and flexible out-of-bundle contracts, competitive and predictable pricing, digital channels and consumer-facing systems (like the MiVodafone app) and the use of an online chatbot (TOBi) to ensure high quality customer service is delivered with increasing efficiency.

In 2022, we inserted a CPI-linked price increase clause into our Vodafone brand customer contracts, facilitating corresponding price increases in January 2023 and January 2024. In 2024, our price increase was 4.4% compared to price increases of 5.9% for Telefónica and 1.6% for Orange (price increase impemented with effect from April 2024).

Bundled Offerings and Converged Customer Base

During the last decade, the Spanish telecommunications market has seen a marked transition towards convergence of fixed and mobile services, with operators bundling services such as broadband, television, and mobile and fixed-line telephony into integrated offers (2P, 3P and 4P). This has made the Spanish telecommunications market amongst the most convergent in Europe.

Our strategy has been and is expected to continue to be focused on convergence due to the beneficial effects that a highly converged customer base brings to churn and ARPU levels. Bundled offerings have demonstrated lower churn rates, increasing customer stickiness and value generation as convergence grows, as well as positive effects on pricing with ARPU being significantly higher for bundled products compared to single-service customers. We use our bundled offerings to attract new customers and to migrate existing customers to additional services, by cross-selling to our existing mobile subscriber base and upselling higher value packages.

In the twelve months ended February 29, 2024, 13.0% of our customer base had purchased 4P packages, 7.1% of our customer base had purchased 3P packages, 22.6% of our customer base had purchased 2P packages and 42.7% of the customer base had purchased more than one product, as compared to 14.0% of our business base had purchased 4P packages, 8.4% of our business base had purchased 3P packages, 21.6% of our business base had purchased 2P packages and 43.9% of the business base had purchased more than one product. The large majority of our customer revenues were from converged services in both the Consumer and Business segments. For example, in the twelve months ended February 29, 2024, 70% of Consumer contract customer revenues were from converged services. In the twelve months ended February 29, 2024, our 4P customers had the highest ARPU of €68.6 per month and the lowest overall churn rate of 11.9%. By comparison, in the twelve months ended February 29, 2024, our 3P customers had ARPU of €51.8 per month and churn of 21.7%, 2P customers had ARPU of €34.4 per month and churn of 18.9% and 1P customers had ARPU of €20.7 per month and churn of 27.2%.

New Products and Services

Our results of operations and financial condition have been and are expected to continue to be impacted by the offering of new products and services to our consumer and business customers. For our Consumer segment, the introduction of new products and services has been, and is expected to continue to be, aimed at continuing to improve consumer loyalty, thereby reducing churn and increasing ARPU, as well as delivering high quality customer care more efficiently through continued digitalization of B2B services. New products and services include the expansion of the e-commerce Marketplace on the MiVodafone app launched in March 2023. Further, as part of our digital progression strategy, we have developed a more integrated customer experience through a blend of physical and digital channel interactions, including through the use of the MiVodafone app, which has contributed towards sales growth across digital channels while also facilitating a reduction in reliance on outbound telemarketing and reducing the volume of incoming calls from our consumers. Efficiencies from the increased digitalization in customer care have also resulted in decreased marketing costs from €129 million in the financial year ended March 31, 2021 to €91 million in the twelve months ended February 29, 2024, in each case unaudited.

For our Business segment, our strategy has been continued growth in the key value-add service offerings such as mobile and fixed and our new business offering which offers an advanced, flexible and innovative portfolio of digital solutions for businesses (including IoT, IP-VPN, and C&H), as well as the expansion into the public administration and corporate client sectors and maximizing the value of sales of digital solutions to SME customers through subsidized voucher schemes supported by the Spanish government's Kit Digital program

funded by the European Union's Recovery and Resilience Facility. The Kit Digital program offers our SME customers a broad range of solutions for different stages of an SME customer's digitalization journey, including digital marketing, e-commerce, cybersecurity, digital business solutions and smart-working solutions.

Within our Business segment, there has been a shift in customer mix with a decrease in SME and SOHO customers but growth in corporates and public administrations. This has maintained connection numbers but at a lower overall ARPU resulting in a decrease in total Business segment revenue from €1,329 million in the financial year ended March 31, 2021 to €1,289 million in the twelve months ended February 29, 2024, in each case unaudited. We have been able to mitigate the impact of this shift in our customer mix by increasing the penetration of new and other products (such as cloud services), which partially offset the decline in Business segment revenue through growth in C&H, where our revenue increased from €50 million in the financial year ended March 31, 2021 to €133 million in the twelve months ended February 29, 2024 and IP-VPN, where revenue increased from €121 million in the financial year ended March 31, 2021 to €153 million in the twelve months ended February 29, 2024, in each case unaudited.

Intercompany Services

Our results of operations and financial condition are affected by intercompany support charges from the Vodafone Group. We benefit from an extensive range of intercompany support services provided by the Vodafone Group. These include: (i) use of standardized platforms and systems; (ii) product/operations/back-office support; (iii) network/engineering operations; (iv) centralized procurement and contracting; and (v) brand use and licensing. After Completion, the majority of these services will continue under the terms of the Intercompany Agreements, which will enable us to operate our business in a substantially similar manner as we did prior to Completion. The total costs (comprised of both fixed and variable costs) of the Intercompany Agreements in the first full financial year following Completion are not expected to exceed €110 million and are expected to be accounted for in future financial periods, following Completion, as operating expenditure as compared to the historical treatment of intercompany charges which were accounted for as both operating expenditure and capital expenditure. For more information on the amounts accounted for as capital expenditures, see the reconciliation of Business EBITDAaL in "*Important Information*".

The Intercompany Agreements include the PSA, the TSA and the BLA. The Intercompany Agreements also include a number of standalone agreements under which we and Vodafone Group will each retain access to specific assets, capabilities and infrastructure controlled by the other following Completion, as well as agreements for the sharing of revenue where one party is entitled to resell services made available by the other (for example where Vodafone Group enters into agreements with global enterprise customers for telecommunications services in Spain). For more information, see "*Business—Transitional Services Arrangements*."

Under the TSA, we pay an amount in respect of each TSA service as set out in the TSA schedules. If any Omitted Services are subsequently added to the scope of the TSA, the charges for such Omitted Services will be calculated on substantially the same basis as used for the calculation of charges for any similar pre-existing TSA services. The charges for the services to be provided under the TSA have been set by reference to the costs of these services charged to us in the period prior to Completion, as reflected in Vodafone Group's published financial accounts. For the BLA, license fees are a fixed sum for the 10-year brand license period that will be pre-paid prior to signing of the BLA. The purchase price includes the 10-year prepayment of the brand license fee.

We also provide certain management support services to Vantage Towers under a long-term services agreement. Vantage Towers have also entered into the Vantage Master Services Agreement with us for our use of Vantage's passive telecommunications infrastructure, including a commitment by us to build 148 new "Built to Suit" sites with Vantage Towers by March 2026.

Macroeconomic Developments in Spain and the effects of COVID-19 on our Business

As we operate entirely in Spain, our results of operations and financial condition are significantly influenced by macroeconomic developments in the Spanish economy. To the extent they relate to and influence rates of consumer confidence and spending in Spain, rates of Spanish unemployment, GDP growth and other macroeconomic metrics can impact Spanish consumers' expenditure on our products and services and thus impact our sales and results of operations. GDP growth and other economic metrics may also correlate with rates of business investment in Spain and can thus impact our sales to business customers.

Spain has one of the largest telecommunications markets in Europe, generating an estimated revenue of $12.0 billion in 2022. In recent years, the use of the internet, television and fixed-line telephones and mobile services

has increased substantially. We have benefited from this increase and our growth and profitability are expected to depend, in part, on continued demand for these services in the coming years.

COVID-19 was also a factor that had an impact on our results of operations and financial condition. During COVID-19, governments of many countries, including Spain, took preventative measures to try to contain its spread. This included mandatory closure of businesses, social distancing requirements and travel restrictions, which severely diminished the level of economic activity around the world and in Spain and caused significant volatility in financial markets and triggered a period of global economic slowdown. Mobile out-of-bundle revenue was negatively impacted in the financial year ended March 31, 2021 by lower tourism during the pandemic while mobile incoming revenue was higher in the financial year ended March 31, 2021 compared to the financial years ended March 31, 2022 and 2023 and the financial year ended March 31, 2023 as call volumes were higher during lockdowns resulting in additional demand from other networks to use our capacity. Our business was affected by other minor impacts mainly related to prepaid visitors, business temporary deactivation, publicity and travel costs and the costs of our implemented COVID-19 initiatives.

Seasonality

Our cash flows is subject to seasonal fluctuations throughout the financial year due to a number of factors including the timing of significant payments (e.g., spectrum taxes) and capital expenditure.

This seasonal impact is most pronounced (i) in April due to the annual payment of spectrum taxes which are invoiced in March and paid in April of each year and (ii) in the first half of the financial year due to the payments of the majority of capital expenditure which is invested in the second half of the previous financial year.

Description of Key Line Items

Revenue

Total revenue consists of revenue from contracts with customers (which consists of service revenue and equipment revenue), interest revenue arising from transactions with a significant financing component and other revenue. Revenue is primarily generated by the provision of mobile and fixed line services, as well as other revenue which relates to logistics and aftercare, interest, the sale of other non-mobile devices and equipment (TVs, electric scooters, smartwatches, etc.) and operating leases (fixed and mobile).

Revenue is recognized when goods and services are delivered to customers and revenue for device sales to end customers is generally recognized when the device is delivered to the end customer.

Service revenue

Service revenue is generated through mobile customer revenue (mobile in-bundle revenue and mobile out of bundle revenue), fixed line, wholesale transit services (roaming fees and MVNO), mobile incoming revenue and business managed services. Revenues for bundled services are generated from voice, data and messaging contracts and prepaid packages with consumers and businesses while mobile out-of-bundle revenues relate to fees realized from incremental minutes, messages or data consumed outside of the customer's agreed bundle package and roaming. Fixed line service revenue consists of a number of different categories (broadband internet, Fixed voice, IP-VPN, leased lines and managed WAN, C&H).

Service revenue consists of consumer revenue and business revenue (which includes VGE services).

Equipment revenue

Equipment revenue is comprised of mobile and fixed line acquisition and retention related equipment revenue.

Interest revenue

Interest revenue is comprised of interest received on customer mobile and fixed line equipment.

Other revenue

Other revenue is mostly comprised of fixed line and mobile lease revenue, logistics revenue, Finetwork installation fees and other non-service revenue, including revenue from sales of non-connectivity devices and other equipment.

Supplies

Supplies consist of interconnect costs and direct costs. Interconnect costs include: mobile voice interconnections costs, mobile messaging interconnection costs, mobile data interconnection costs, fixed line total access interconnection costs, fixed line and wholesale transit services and other customer type interconnection costs and mobile wholesale interconnection costs. Direct costs include: fixed line ongoing

access costs, fixed line other access costs, mobile top-up airtime commission costs, mobile other costs, advertising costs, mobile content costs, fixed line access content costs, fixed line and wholesale transit services direct other costs, bad debt and contract asset write-off.

Corporate costs

Corporate costs consist mainly of personnel costs related to wages and salary, social security, pensions, share based payment expenses and personnel restructuring costs.

Other expenses

Other expenses consist of costs incurred to fulfil customer contracts and to maintain the business operations. This includes operating expenditure related to, amongst other things, IT (software and hardware) and network maintenance, outsourced operations, intercompany costs, other services and network sharing costs.

Other expenses also include customer acquisition and retention costs, excluding sales commissions.

Net credit losses on financial assets

Credit losses consist of the carrying value of all trade receivables, contract assets and finance lease receivables recorded at amortized cost and reduced by allowances for lifetime estimated credit losses. Expected credit losses are presented within operating losses and subsequent recoveries of amounts previously written off are credited against the same line item.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses consist of the amortization of customer-related intangible assets and depreciation of right of use assets and property, plant and equipment.

Finance income

Finance income consists of interest related to the recovery of excess license fees (related to movements in intangible assets) and other financing income mainly related to the compensation received for the positive judgement of a lawsuit in relation to the VAT fees received primarily in 2023 in connection with our Vodafone ONO claim. For more information, see "*Additional Information*."

Finance cost

Finance costs consist of financial liabilities measured at amortized cost, lease liabilities and loans from related parties (intercompany loans) and other liabilities.

Income tax credit

Income tax credit consists of current and deferred taxes.

Results of operations

Consolidated Statement of Comprehensive Loss

The table below sets out our financial information for the three financial years ended March 31 2021, 2022, and 2023 and the unaudited eleven month periods ended February 28, 2023 and February 29, 2024.

	Financial year ended March 31,			Eleven months ended February	
(€ in thousands)	**2021**	**2022**	**2023**	**28, 2023**	**29, 2024**
Revenue	**4,166,421**	**4,180,058**	**3,906,713**	**3,573,312**	**3,536,049**
Supplies	(1,088,421)	(1,101,587)	(1,079,518)	(1,004,847)	(955,872)
Corporate costs	(282,319)	(347,194)	(257,968)	(253,992)	(260,028)
Other expenses	(1,075,098)	(1,132,738)	(996,310)	(894,355)	(936,734)
Net credit losses on financial assets	(125,855)	(115,484)	(34,862)	(68,728)	(115,557)
Depreciation, amortization, and impairment losses	(1,655,230)	(1,707,815)	(1,632,634)	(1,510,200)	(1,421,913)
Operating loss	**(60,502)**	**(224,760)**	**(94,579)**	**(158,810)**	**(154,055)**
Finance income	-	13,053	15,685	15,775	10,849
Finance costs	(78,182)	(67,808)	(119,377)	(101,345)	(219,196)
Loss for the period before income tax	**(138,684)**	**(279,515)**	**(198,271)**	**(244,380)**	**(362,402)**
Income tax credit	17,161	30,989	169	169	1,325
Loss for the period attributable to equity holders of the parent	**(121,523)**	**(248,526)**	**(198,102)**	**(244,211)**	**(361,077)**

Consolidated statement of profit or loss for the eleven months ended February 29, 2024 compared to the eleven months ended February 28, 2023

Revenue

Revenue decreased by €37.3 million, or 1.0%, from €3,573.3 million for the eleven months ended February 28, 2023, to €3,536.0 million for the eleven months ended February 29, 2024.

The following table sets forth a breakdown of revenue for the periods indicated.

	Eleven months ended February	
(€ in thousands)	**28, 2023**	**29, 2024**
Service Revenue	3,212,676	3,144,559
Equipment Revenue	281,795	310,581
Revenue from contracts with customers	**3,494,471**	**3,455,140**
Interest Revenue	24,852	31,499
Other Revenue	53,989	49,410
Total Revenue	**3,573,312**	**3,536,049**

Revenue from contracts with customers decreased by €39.3 million, or 1.1%, from €3,494.7 million for the eleven months ended February 28, 2023 to €3,455.1 million for the eleven months ended February 29, 2024, due primarily to a decline in service revenue but partially offset by an increase in equipment revenue.

Service revenue decreased by €68.1 million, or 2.1%, from €3,212.7 million for the eleven months ended February 28, 2023 to €3,144.6 million for the eleven months ended February 29, 2024, primarily as a result of the decrease in mobile customer revenue due to a decline in customer numbers in our Vodafone brand and the continuing trend of customer preferences toward more value brands resulting in a shift in customers from our Vodafone premium brand to our Lowi and Finetwork value brands, which have lower ARPU than our Vodafone brand; and the decline in ARPU was partially mitigated by our Vodafone brand price increases implemented in February and March 2023 following the inclusion of the CPI-linked price increase clause in customer contracts in October 2022.

Equipment revenue increased by €28.8 million, or 10.2%, from €281.8 million for the eleven months ended February 28, 2023 to €310.6 million for the eleven months ended February 29, 2024, primarily as a result of an increase in sales of mobile acquisition and retention related equipment.

Other revenue decreased by €4.6 million, or 8.5%, from €54.0 million for the eleven months ended February 28, 2023 to €49.4 million for the eleven months ended February 29, 2024, primarily as a result of a decrease in lease revenue due to the decline in customer numbers and Finetwork installation fees due to lower customer volumes.

Supplies

Supplies decreased by €49.0 million, or 4.9%, from €1,004.8 million for the eleven months ended February 28, 2023, to €955.9 million for the eleven months ended February 29, 2024, primarily as a result of a decrease in traffic volumes driven by a lower customer base, mobile voice interconnection costs due to a decrease in the regulated mobile termination rate in January 2023 and direct costs (primarily due to a decrease in fixed line access costs and mobile other costs, which consist of regulatory fees, including recurring spectrum fees, miscellaneous costs (primarily MVNO costs, debt collection fees, licenses and litigation payments), mobile content, handset insurance and other equipment costs).

Corporate costs

Corporate costs increased by €6.0 million, or 2.4%, from €254.0 million for the eleven months ended February 28, 2023, to €260.0 million for the eleven months ended February 29, 2024.

The following table sets forth a breakdown of corporate costs for the periods indicated.

	Eleven months ended February	
(€ in thousands)	**28, 2023**	**29, 2024**
Wages and salaries	189,755	192,704
Social security costs	53,689	55,944
Other pension costs	6,117	5,946
Share-based payments	4,431	5,412
Restructuring	—	22
Total	**253,992**	**260,028**

The increase in corporate costs from the eleven months ended February 28, 2023 to the eleven months ended February 29, 2024 was mainly attributable to the increase in social security costs by €2.3 million from €53.7 million to €55.9 million and the increase in wages and salaries by €2.9 million, which was partly offset by the decrease in costs relating to other pension costs, from €6.1 million to €5.9 million during the period under review.

Other expenses

Other expenses increased by €42.3 million, or 4.7%, from €894.4 million for the eleven months ended February 28, 2023 to €936.7 million for the eleven months ended February 29, 2024, primarily as a result of an increase in restructuring costs associated with sales channel restructuring as well as higher equipment costs.

Net credit losses on financial assets

Net credit losses on financial assets increased by €46.8 million, or 68.1%, from a loss of €68.7 million for the eleven months ended February 28, 2023 to a loss of €115.6 million for the eleven months ended February 29, 2024, primarily as a result of the recognition of a provision for credit losses relating to a dispute with a collaborator (€38.8 million).

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses decreased by €88.3 million, or 5.8%, from €1,510.2 million for the eleven months ended February 28, 2023 to €1,421.9 million for the eleven months ended February 29, 2024, primarily as a result of the reduction in capital expenditure.

Operating loss

As a result of the above, our operating loss decreased by €4.7 million, or 3.0%, from €158.8 million for the eleven months ended February 28, 2023 to €154.1 million for the eleven months ended February 29, 2024.

Finance costs

Finance costs increased by €118.0 million, from €101.3 million for the eleven months ended February 28, 2023, to €219.2 million for the eleven months ended February 29, 2024. This was a result of an increase in interest rates relating to intercompany financing, which is no longer in place as a result of the Acquisition.

Loss for the period before income tax

Loss for the period before income tax increased by €118.0 million, or 48.3%, from €244.4 million for the eleven months ended February 28, 2023 to €362.4 million for the eleven months ended February 29, 2024.

Loss for the period attributable to equity holders of the parent

As a result of the above, loss for the period attributable to equity holders of the parent increased by €116.9 million, or 47.9%, from €244.2 million for the eleven months ended February 28, 2023 to €361.1 million for the eleven months ended February 29, 2024.

Consolidated statement of profit or loss for the financial year ended March 31, 2023 compared to the financial year ended March 31, 2022

Revenue

Total revenue decreased by €273.3 million, or 6.5%, from €4,180.1 million to the financial year ended March 31, 2022 to €3,906.7 million for the financial year ended March 31, 2023.

The following table sets forth a breakdown of revenue for the periods indicated.

	Financial year ended March 31,	
(€ in thousands)	**2022**	**2023**
Service Revenue	3,713,571	3,514,413
Equipment Revenue	368,893	307,156
Revenue from contracts with customers	**4,082,464**	**3,821,569**
Interest Revenue	24,321	26,140
Other Revenue	73,273	59,004
Total Revenue	**4,180,058**	**3,906,713**

The decrease in revenue was mainly attributable to the decrease in revenue from contracts with customers which decreased by €260.9 million, or 6.4%, from €4,082.5 million to the financial year ended March 31, 2022 to €3,821.6 million for the financial year ended March 31, 2023.

Service revenue decreased by €199.2 million, or 5.4%, from €3,713.6 million to the financial year ended March 31, 2022 to €3,514.4 million for the financial year ended March 31, 2023. In the financial year ended March 31, 2022 our service revenue consisted of 64% from consumer revenue, 32% from business revenue (which includes VGE services), and the remaining 4% from other revenue sources. The decline was primarily driven by a decrease in mobile customer revenue, mainly due to a decline in customer numbers in our Vodafone brand due to a shift in customer mix from our Vodafone brand to Lowi and Finetwork, which have lower ARPU. Service revenue was also impacted by a decline in revenue from wholesale agreements primarily due to the loss in revenue due to the termination of an MVNO network contract due to the MVNO's acquisition by MasMovil.

Equipment revenue decreased by €61.7 million, or 16.7%, from €368.9 million to the financial year ended March 31, 2022 to €307.2 million for the financial year ended March 31, 2023 primarily as a result of a decrease in sales of mobile and fixed line acquisition and retention related equipment.

Other revenue decreased by €14.3 million, or 19.5%, from €73.3 million to the financial year ended March 31, 2022 to €59.0 million for the financial year ended March 31, 2023, primarily as a result of a decrease in fixed line lease revenue and Finetwork installation fees.

Consumer Revenue (unaudited)

Consumer revenue decreased by €214.0 million, or 8.0%, from €2,667.0 million to the financial year ended March 31, 2022 to €2,453.0 million for the financial year ended March 31, 2023, which was due primarily to a decline in mobile service revenue of €144.0 million, or 9.2%, from €1,565.0 million to the financial year ended March 31, 2022 to €1,421.0 million for the financial year ended March 31, 2023 driven by a decrease in bundled mobile services revenue of 9.3% The decline in bundled services revenue was primarily due to a decrease in customer numbers and new connections in the Vodafone brand largely reflecting general pressure in the premium market with consumers shifting preference towards more value brand offerings as was evidenced in the growth of the lower cost Lowi and Finetwork brands, which partly offset the decline in consumer contract revenue during the period. For the year ended March 31, 2023, our Consumer segment represented 63% of our service revenue.

Business Revenue (unaudited)

Business revenue decreased by €69.0 million, or 5.1%, from €1,361.0 million to the financial year ended March 31, 2022 to €1,292.0 million for the financial year ended March 31, 2023, which was due primarily to a decline in mobile service revenue of €61.0 million, or 7.8%, from €781.0 million to the financial year ended March 31, 2022 to €720.0 million for the financial year ended March 31, 2023 driven by a decrease in mobile bundled services revenue of 7.8% The decline in bundled services revenue was primarily due to a decrease in SoHo and SME customer numbers and new connections but was partially offset by an increase in revenue from the Corporate and Public Administration segments and a slight increase in VGE revenue from a total of €26 million to the financial year ended March 31, 2022 to €27.0 million for the financial year ended March 31, 2023. For the year ended March 31, 2023, our Business segment represented 33% of our service revenue.

The decline in Business revenue was partially offset by an increase in fixed line service revenue of €15.0 million, or 3.6%, from €414.0 million to the financial year ended March 31, 2022 to €429.0 million for the financial year ended March 31, 2023. This was primarily a result of growth in sales of C&H, IoT and IP-VPN services and partially offset by a decline in broadband internet (both with and without PayTV) due primarily to the decrease in SOHO and SME customer numbers as a result of customer base erosion due to value segment penetration.

Supplies

Supplies decreased by €22.1 million, or 2.0%, from €1,101.6 million to the financial year ended March 31, 2022 to €1,079.5 million for the financial year ended March 31, 2023, primarily as a result of a decrease in mobile voice interconnection costs due to lower customer traffic and a reduction in the regulated mobile termination rate in January 2023 and a decrease in direct costs mainly due to a decrease in content costs following the termination of football content for hospitality customers and partially offset by an increase in fixed line and wholesale transit costs, which reflected higher sales of C&H and IP-VPN services to Business customers.

Corporate costs

Corporate costs decreased by €89.2 million, or 25.7%, from €347.2 million to the financial year ended March 31, 2022 to €258.0 million for the financial year ended March 31, 2023.

The following table sets forth a breakdown of corporate costs for the periods indicated.

	Financial year ended March 31,

(€ in thousands)	2022	2023
Wages and salaries	215,200	207,063
Social security costs	57,695	58,601
Other pension costs	6,751	6,681
Share-based payments	3,524	4,700
Restructuring	64,024	(19,077)
Total	**347,194**	**257,968**

The decrease in corporate costs from the financial year ended March 31, 2022 to the financial year ended March 31, 2023 was mainly attributable to the change in restructuring costs of €64.0 million related to a staff restructuring implemented in December 2021, onerous leases following COVID-19 and the €24 million channel transformation program implemented in the Consumer segment to a gain of €19.1 million due to the release of a provision related to a staff restructuring implemented in the financial year ended March 31, 2019.

The decrease in corporate costs to the financial year ended March 31, 2022 to the financial year ended March 31, 2023 was also partly attributable to the decrease in wages and salaries by €8.1 million, or 3.8%, from €215.2 million to €207.1 million, primarily as a result of a decrease in payroll costs due to ourchannel network being restructured towards franchised stores which resulted in a reduction in headcount and was partly offset by an increase in technology staff, which reflects our shift in focus towards digital sales channels and platforms.

Other expenses

Other expenses decreased by €136.4 million, or 12.0%, from €1,132.7 million to the financial year ended March 31, 2022, to €996.3 million for the financial year ended March 31, 2023. This decrease was mainly a result of the decrease in operating expenditure, primarily due to a decrease in publicity, outsourced operations and office accommodation costs as part of management's cost and capex savings initiatives and a decrease in customer retention costs. Integration costs can be attributed to set-up costs related to the network sharing agreement with Orange.

Net credit losses on financial assets

Net credit losses on financial assets decreased by €80.6 million, or 69.8%, from a loss of €115.5 million to the financial year ended March 31, 2022 to a loss of €34.9 million for the financial year ended March 31, 2023.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses decreased by €75.2 million, or 4.4%, from €1,707.8 million to the financial year ended March 31, 2022, to €1,632.6 million for the financial year ended March 31, 2023, primarily as a result of a decrease in depreciation of property, plant and equipment.

Operating loss

As a result of the above, our operating loss decreased by €130.2 million, or 57.9%, from €224.8 million to the financial year ended March 31, 2022 to €94.6 million for the financial year ended March 31, 2023.

Finance income

Finance income increased by €2.6 million, or 20.2%, from €13.1 million to the financial year ended March 31, 2022 to €15.7 million for the financial year ended March 31, 2023, which was primarily related to the compensation received for the positive judgment of a lawsuit in relation to the VAT fees received in connection with our Vodafone ONO claim. For more information, see "*Additional Information*."

Finance costs

Finance costs increased by €51.6 million, or 76.1%, from €67.8 million to the financial year ended March 31, 2022 to €119.4 million for the financial year ended March 31, 2023, which was primarily a result of an increase in interest due on intercompany loans which funded our 5G spectrum license purchases in the financial year ended March 31, 2022.

Loss for the period before income tax

Loss for the period before income tax decreased by €81.2 million, or 29.1%, from €279.5 million to the financial year ended March 31, 2022 to €198.3 million for the financial year ended March 31, 2023 for the reasons discussed above.

Income tax credit

Income tax credit decreased by €30.8 million, or 99.5%, from €31.0 million to the financial year ended March 31, 2022, to €0.2 million for the financial year ended March 31, 2023. This was a result of an increase in the impact of unrecognized deferred tax assets mainly related to the deconsolidation of Vantage Towers.

Loss for the period attributable to equity holders of the parent

As a result of the above, loss for the period attributable to equity holders of the parent decreased by €50.4 million, or 20.3%, from €248.5 million to the financial year ended March 31, 2022 to €198.1 million for the financial year ended March 31, 2023.

Consolidated statement of profit or loss to the financial year ended March 31, 2022 compared to the financial year ended March 31, 2021

Revenue

Total revenue increased by €13.6 million, or 0.3%, from €4,166.4 million for the financial year ended March 31, 2021 to €4,180.1 million to the financial year ended March 31, 2022, which was mainly attributable to an increase in equipment revenue and other revenue and was partially offset by a decline in service revenue.

The following table sets forth a breakdown of revenue for the periods indicated.

	Financial year ended March 31,	
(€ in thousands)	**2021**	**2022**
Service Revenue	3,788,479	3,713,571
Equipment Revenue	291,648	368,893
Revenue from contracts with customers	**4,080,127**	**4,082,464**
Interest Revenue	22,402	24,321
Other Revenue	63,892	73,273
Total Revenue	**4,166,421**	**4,180,058**

Revenue from contracts with customers increased slightly by €2.4 million from €4,080.1 million to the financial year ended March 31, 2022 to €4,082.5 million for the financial year ended March 31, 2023, due primarily to an increase in equipment revenue but partially offset by a decline in service revenue.

Service revenue decreased by €74.9 million, or 2.0%, from €3,788.5 million for the financial year ended March 31, 2021 to €3,713.6 million to the financial year ended March 31, 2022, primarily as a result of the decrease in mobile customer revenue from €2,244.6 million for the financial year ended March 31, 2021 to €2,122.3 million to the financial year ended March 31, 2022 and the general pricing pressure in the market and the shift in customer mix from our Vodafone brand to Lowi and Finetwork, which have lower ARPU. Additionally, this decrease in service revenue was also a result of a decrease in fixed line service revenue, specifically, broadband internet with PayTV, as a result of a loss of customers due to the cancellation of football rights for households, and a shift in customers from our Vodafone brand to Lowi and Finetwork which do not include PayTV services.

Equipment revenue increased by €77.2 million, or 26.5%, from €291.6 million for the financial year ended March 31, 2021 to €368.9 million to the financial year ended March 31, 2022 primarily as a result of the increase in sales of mobile and fixed line acquisition and retention related equipment.

Other revenue increased by €9.4 million, or 14.7%, from €63.9 million to €73.3 million, primarily as a result of an increase in fixed line lease revenue and partially offset by a decrease in mobile lease revenue.

Consumer Revenue (unaudited)

Consumer revenue decreased by €54.0 million, or 2.0%, from €2,721 million for the financial year ended March 31, 2021 to €2,667.0 million to the financial year ended March 31, 2022. The decline was driven primarily by decreasing customer numbers in our Vodafone brand, largely reflecting pricing pressure in the premium market, and this was partly offset by strong growth in our value segment offerings, Lowi and Finetwork.

Business Revenue (unaudited)

Business revenue increased by €33.0 million, or 2.5%, from €1,329 million for the financial year ended March 31, 2021 to €1,361.0 million to the financial year ended March 31, 2022. The increase was driven by growth in other services such as C&H and IP-VPN and partially offset by a decline in SME and SOHO customer revenue driven by lower customer numbers due to pricing pressure from the value segment of the market.

Supplies

Supplies increased by €13.2 million, or 1.2%, from €1,088.4 million for the financial year ended March 31, 2021 to €1,101.6 million to the financial year ended March 31, 2022, which was primarily a result of the increase in direct costs (mainly due to the increase in mobile other costs and partially offset by a decline in fixed line access costs and wholesale transit services costs) and roaming costs due to a return to more normal levels of tourism following the COVID-19 pandemic. This increase was partially offset by a decline in mobile voice interconnection costs due to lower customer traffic compared to higher traffic in the financial year ended March 31, 2021 due to the COVID-19 pandemic.

Corporate costs

Corporate costs increased by €64.9 million, or 23.0%, from €282.3 million for the financial year ended March 31, 2021 to €347.2 million to the financial year ended March 31, 2022.

The following table sets forth a breakdown of corporate costs for the periods indicated.

	Financial year ended March 31,	
(€ in thousands)	**2021**	**2022**
Wages and salaries	216,359	215,200
Social security costs	56,382	57,695
Other pension costs	6,248	6,751
Share-based payments	6,882	3,524
Restructuring	(3,552)	64,024
Total	**282,319**	**347,194**

The increase in corporate costs from the financial year ended March 31, 2021 to the financial year ended March 31, 2022 was mainly attributable to the increase in personnel restructuring costs from an income of €3.6 million for the financial year ended March 31, 2021 to a cost of €64.0 million to the financial year ended March 31, 2022. This was primarily a result of costs incurred relating to a staff restructuring plan.

The change in restructuring costs was partly offset by the decrease in costs relating to share-based payments by €3.4 million, or 48.8%, from €6.9 million to €3.5 million during the period under review, which was primarily a result of forfeited share-based payments.

Other expenses

Other expenses increased by €57.6 million, or 5.4%, from €1,075.1 million for the financial year ended March 31, 2021 to €1,132.7 million to the financial year ended March 31, 2022, which was primarily a result of the increase in operating expenditure mainly due to an increase in intercompany operating expenditure and an increase in network sharing as a result of our disposal of Vantage Towers. This increase was partially offset by decreases in network, IT rental, office accommodation and outsourced operations.

Net credit losses on financial assets

Net credit losses on financial assets decreased by €10.4 million, or 8.2%, from a loss of €125.9 million for the financial year ended March 31, 2021 to a loss of €115.5 million to the financial year ended March 31, 2022.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses increased by €52.6 million, or 3.2%, from €1,655.2 million for the financial year ended March 31, 2021, to €1,707.8 million to the financial year ended March 31, 2022, which was primarily a result of a one-time correction of the useful lives of certain of our ONO assets, to align with our group policy, which led to a credit of €72.0 million being recorded in depreciation during the period.

Operating loss

As a result of the above, our operating loss increased by €164.3 million from €60.5 million for the financial year ended March 31, 2021 to €224.8 million to the financial year ended March 31, 2022.

Finance income

Finance income increased from nil for the financial year ended March 31, 2021 to €13.1 million to the financial year ended March 31, 2022, which was primarily a result of interest received related to the recovery of excess license and spectrum fees, which were derecognized as a result of a Spanish Supreme Court ruling.

Finance costs

Finance costs decreased by €10.4 million, or 13.3%, from €78.2 million for the financial year ended March 31, 2021 to €67.8 million to the financial year ended March 31, 2022. This was primarily a result of the decrease in interest on intercompany loans partially offset by an increase in interest due on lease liabilities.

Loss for the period before income tax

Loss for the period before income tax almost doubled by €140.8 million, or 101.5%, from €138.7 million for the financial year ended March 31, 2021 to €279.5 million to the financial year ended March 31, 2022 for the reasons discussed above.

Income tax credit

Income tax credit increased by €13.8 million, or 80.6%, from €17.2 million for the financial year ended March 31, 2021 to €31.0 million to the financial year ended March 31, 2022, which was primarily a result of a €11.8 million deferred tax credit relating to various tax disputes and to other items such as IFRS 15 components and amortization.

Loss for the period attributable to equity holders of the parent

As a result of the above, loss for the period attributable to equity holders of the parent almost doubled by €127.0 million, or 104.5%, from €121.5 million for the financial year ended March 31, 2021 to €248.5 million to the financial year ended March 31, 2022.

Financial Condition

Liquidity and capital resources

Our principal liquidity needs are to fund the day-to-day requirements of our operations including working capital requirements, capital expenditures and debt service payments. We finance our operations primarily through cash generated from operating activities and drawings under the Revolving Credit Facility. Cash is held in euros.

In order to ensure operational efficiency, we aim to maintain strong sources of liquidity at all times which would include the Revolving Credit Facility, cash on balance sheet and operating cash generation. We also intend to manage interest rate risk by ensuring that at least 70% of debt is fixed directly or via swap arrangements in order to maintain visibility on our cash flow. The primary focus of our financial policy on organic growth and cash generation is also highlighted by Zegona's target of an initial dividend yield of 2% per annum for the first two years following Completion. Thereafter, subject to delivering on our net leverage target and other financial commitments as well as regulatory requirements, Zegona expects to consider a progressive dividend in the medium to long term.

Cash flows

The table below sets out our financial information for the three financial years ended March 31, 2021, 2022 and 2023 and the eleven month periods ended February 28, 2023 and February 29, 2024.

Consolidated Statement of Cash Flows

	Financial year ended March 31,			Eleven months ended February (unaudited)	
	2021	**2022**	**2023**	**28, 2023**	**29, 2024**
(€ in thousands)				**(unaudited)**	**(unaudited)**
Cash inflows from operating activities[1]	**1,550,056**	**1,386,530**	**1,359,284**	**1,044,368**	**1,001,049**
Cash inflows/(outflows) from investing activities	**(1,056,736)**	**(1,212,485)**	**(1,017,361)**	**(733,339)**	**(663,996)**
Purchase of intangible assets	(429,656)	(818,872)	(360,894)	(335,364)	(366,089)
Purchase of property, plant, and equipment	(710,517)	(609,707)	(537,845)	(500,883)	(408,849)
Purchase of investments	(2,718)	(1,698)	(1,130)	(64)	(890)
Disposal of property, plant and equipment and intangible assets	1,286	374	4,172	3,568	6,845
Disposal of investments	1,552	1,984	2,587	2,573	1,451
Net amounts (paid)/received on intercompany loan receivables	83,317	215,434	(124,251)	96,831	103,536
Cash outflows from financing activities	**(493,173)**	**(176,022)**	**(342,086)**	**(310,924)**	**(336,122)**
Repayment of borrowings	(8,161)	(8,353)	(8,549)	(8,549)	(8,750)
Repayment of leases	(442,132)	(515,629)	(483,220)	(450,275)	(442,629)
Contribution from parent company	3,500,000	-	-	-	-

Settlement of share-based payment by parent company	(5,948)	(7,047)	(6,976)	(6,976)	(3,710)
Net amounts received/(paid) on intercompany loans	(3,536,932)	355,007	156,659	154,876	118,967
Other cash flows from financing activities	-	-	-	-	-
Net cash inflow/(outflow)	**147**	**(1,977)**	**(163)**	**105**	**931**
Cash and cash equivalents at the beginning of the financial year/period	6,472	6,619	4,642	4,642	4,479
Cash and cash equivalents at the end of the financial year/period	**6,619**	**4,642**	**4,479**	**4,747**	**5,410**

Notes:

(1) See note 12 of the Historical Financial Information and Note 5 of the Condensed Consolidated Interim Financial Statements for a reconciliation to loss for the period.

Eleven months ended February 29, 2024 as compared to the eleven months ended February 28, 2023

Cash inflows/(outflows) from operating activities

We generated cash inflows from operating activities of €1,001.0 million for the eleven months ended February 29, 2024 compared to €1,044.4 million for the eleven months ended February 28, 2023, representing a 4.3% decrease of €43.4 million. This decrease was primarily due to the higher interest paid and lower depreciation, amortization and impairment losses for the period for the eleven months ended February 29, 2024.

Cash inflows/(outflows) from investing activities

We had cash outflows from investing activities of €664.0 million for the eleven months ended February 29, 2024, compared to an outflow of €733.3 million for the eleven months ended February 28, 2023, representing a 9.4% decrease of €69.3 million.

The change in cash outflows from investing activities from the eleven months ended February 28, 2023 to the eleven months ended February 29, 2024 was mainly attributable to the decrease in purchase of property, plant, and equipment by €92.1 million, or 18.4%, from €500.9 million for the eleven months ended February 28, 2023 to €408.8 million for the eleven months ended February 29, 2024. The change was also partly attributable to the increase in net amounts received on intercompany loan receivables by €6.7 million, or 6.9%, from €96.8 million for the eleven months ended February 28, 2023 to €103.5 million for the eleven months ended February 29, 2024.

Cash outflows from financing activities

Cash outflows from financing activities increased by €25.2 million from €310.9 million for the eleven months ended February 28, 2023 to €336.1 million for the eleven months ended February 29, 2024, representing an increase of 8.1%.

The increase in cash outflows from financing activities for the eleven months ended February 28, 2023 to the eleven months ended February 29, 2024 was mainly attributable to a decrease in net amounts received from intercompany loans by €35.9 million, or 23.2%, from €154.9 million for the eleven months ended February 29, 2023 to €119.0 million in the eleven months ended February 29, 2024. This decrease was partially offset by a decrease in repayment of leases by €7.7 million, or 1.7%, from €450.3 million for the eleven months ended February 28, 2023 to an outflow of €442.6 million for the eleven months ended February 29, 2024.

Financial year ended March 31, 2021 compared with financial year ended March 31, 2022 and compared with year ended March 31, 2023

Cash inflows from operating activities

We generated cash inflows from operating activities of €1,386.5 million to the financial year ended March 31, 2022 compared to €1,359.3 million for the financial year ended March 31, 2023 representing a 2.0% decrease of €27.2 million. This was the case even though we realized a higher operating loss to the financial year ended March 31, 2022 due primarily to a decline in depreciation, amortization and impairment losses, an increase in interest paid, a decrease in trade and other payables and an increase in trade and other receivables in the financial year ended March 31, 2023.

Our business generated cash inflows from operating activities of €1,386.5 million to the financial year ended March 31, 2022 compared to €1,550.1 million for the financial year ended March 31, 2021, representing 10.5% decrease of €163.5 million. This was due primarily to a higher loss for the financial year mainly attributable to an increase in corporate costs and other expenses for the financial year ended March 31, 2022.

Cash outflows from investing activities

Cash outflows from investing activities decreased by €195.1 million, or 16.1%, from €1,212.5 million to the financial year ended March 31, 2022, to €1,017.4 million for the financial year ended March 31, 2023.

The decrease in cash outflows from investing activities from the financial year ended March 31, 2022 to the financial year ended March 31, 2023 was mainly attributable to the decrease in purchase of intangible assets by €458 million, or 55.9%, from €818.9 million to €360.9 million, and was also partly attributable to the decrease in purchase of property, plant, and equipment by €71.9 million, or 11.8%, from an outflow of €609.7 million to an outflow of €537.8 million during the period under review. This decrease was partly offset by the change to net amounts paid on intercompany loan receivables of €124.3 million for the financial year ended March 31, 2023 compared to net amounts received on intercompany loan receivables of €215.4 million to the financial year ended March 31, 2022.

Cash outflows from investing activities increased by €155.7 million, or 14.7%, from €1,056.7 million for the financial year ended March 31, 2021 to €1,212.5 million to the financial year ended March 31, 2022.

The increase in cash outflows from investing activities from the financial year ended March 31, 2021 to the financial year ended March 31, 2022 was mainly attributable to the increase in purchase of intangible assets by €389.2 million, or 90.6%, from an outflow of €429.7 million to an outflow of €818.9 million, which was due primarily to spectrum license fees relating to the expansion of 5G services. This was partly offset by the increase in net amounts received on intercompany loan receivables by €132.1 million, or 158.6%, from €83.3 million to €215.4 million and the decrease in purchase of property, plant, and equipment by €100.8 million, 14.2% from €710.5 million for the financial year ended March 31, 2021 to €609.7 million to the financial year ended March 31, 2022.

Cash inflows/(outflows) from financing activities

Cash outflows from financing activities increased by €166.1 million, or 94.3%, from €176.0 million to the financial year ended March 31, 2022 to €342.1 million for the financial year ended March 31, 2023.

The increase in cash outflows from financing activities from the financial year ended March 31, 2022 to the financial year ended March 31, 2023 was mainly attributable to the decrease in net amounts received on intercompany loans by €198.3 million, or 55.9%, from €355.0 million to €156.7 million.

Cash outflows from financing activities decreased by €317.2 million, or 64.3%, from €493.2 million for the financial year ended March 31, 2021 to €176.0 million to the financial year ended March 31, 2022.

The decrease in cash outflows from financing activities from the financial year ended March 31, 2021 to the financial year ended March 31, 2022 was mainly attributable to net amounts received on intercompany loans of €355.0 million to the financial year ended March 31, 2022. This was partly offset by the increase in repayment of leases by €73.5 million, 16.6% from €442.1 million to €515.6 million during the period under review.

Capital Expenditure

Our capital expenditure consists primarily of maintenance capital expenditure and expansion capital expenditures. Maintenance capital expenditure consists primarily of (i) network repairs, including both capitalized personnel and maintenance contract costs and certain licenses; and (ii) a recurring level of transformational investments consisting mainly of (a) our digital ecosystem (e.g. app, market place, website, etc.), both in terms of the IT systems required to sustain these platforms as well as the associated capitalized personnel; and (b) incidents handling through online channels. Expansion capital expenditure relates primarily to investment in (i) customer premises equipment; (ii) network coverage; and (iii) expansionary transformation linked to network and systems upgrades.

Our capital expenditure increased from €1,136.2 million for the financial year ended March 31, 2021 to €1,397.7 million for the financial year ended March 31, 2022. This was due to a one-off €350 million spectrum concession fee for the expansion of 5G services; similar expenditure is not expected in the foreseeable future as there are no current plans for further 5G or other spectrum auctions. Excluding the one-off spectrum concession fee, our capital expenditure decreased to €1,047.7 million for the financial year ended March 31, 2022.

Capital expenditure significantly reduced to €883.1 million for the financial year ended March 31, 2023 primarily due to three reasons. First, our network sharing agreement with Orange reduced network capital expenditure. Second, our network efficiency programs discontinued fixed rollout, increased our 5G rollout and introduced oversubscription policies to maximize the return on capacity investments. Third, we achieved lower

customer premises equipment capital expenditure by promoting a self-installation model which provided customers with equipment in the form of set-up boxes and modems that can be used by the customer to receive the underlying services over the contract term. We renegotiated our installation contracts and other logistic efficiencies that improve customer premises equipment reutilization (which includes all equipment and the cost of installation services undertaken on customers' premises) and economies of scale. Our capitalized commissions relating to subscriber acquisition costs neither increased nor decreased despite online channel penetration offsetting our higher post-pandemic activity and our expansion of the Lowi brand.

Our capital expenditure similarly decreased for the twelve months ended February 28, 2023 and February 29, 2024 from €779.3 million to €715.9 million, respectively, due to increased network and sales commission spend efficiencies as well as lower cost-per-engagement spending due to restocking in the prior year.

Indebtedness

The table below sets out our indebtedness as of February 29, 2024, after giving pro forma effect to the Transactions.

	Currency	Principal amount in millions	Maturity
Term Facility	EUR	500	January 31, 2029
Revolving Credit Facility[(1)]	EUR	—	January 31, 2029
Dollar Notes offered hereby[(2)]	USD	900	July 15, 2029
Euro Notes offered hereby	EUR	1,300	July 15, 2029
New Senior Facility[(2)]	USD	400	July 17, 2029
New Senior Facility	EUR	920	July 17, 2029

(1) The Revolving Credit Facility is expected to be undrawn as of the Issue Date.

(2) The Group intends to hedge the principal and interest payment obligations under the U.S. dollar-denominated instruments into euros.

Off-Balance Sheet Arrangements

As of February 29, 2024, we had off-balance sheet bank guarantees with a total value of €132.6 million: Vodafone España: €99.7 million; Vodafone ONO: €32.4 million; Vodafone Energía €0.5 million. Our guarantees were generally related to contracts with Public Administrations for their day-to-day business to cover potential damages on public land or breach of contracts, but they form part of the normal business-operating activities and do not have any associated restricted cash. Some guarantees relate to potential tax claims related to Vodafone Group and are guaranteed by Vodafone Group. We are currently undertaking a program to significantly reduce the size of our outstanding off-balance sheet bank guarantees.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and management judgments concerning the future. These are evaluated regularly and based on historical experience and other factors, including expectation of future events and, where applicable, the opinion of experts. The key areas where estimates and judgments are made, including revenue recognition, are set out in Note 1.1 "Critical accounting judgements and key sources of estimation uncertainty" of our consolidated financial statements in "*Historical Financial Information*."

As set out further in Note 1.1.4 "Finite lived intangible assets" of our consolidated financial statements in "*Historical Financial Information"*, commissions paid to staff and agents for acquiring new customers and renewals of existing customer on our behalf are treated as customer-related assets and are capitalized whenever they meet the criteria set out in the note referred to above. The amortization of customer-related intangible assets is recognized in our comprehensive income statement as part of depreciation, amortization and impairment losses.

Capital and Financial Risk Management

Our activities expose us to various financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. Our financial risk management policies seek to reduce our exposure to any

future disruption to financial markets, including any future impacts from COVID or other macroeconomic events. We have policies in place to control the exposure to market, credit and liquidity risks.

Market risk

Exchange rate risk

Exchange rate risk arising from financial assets or liabilities of a monetary nature and denominated in a currency other than our functional currency.

As of the financial years March 31, 2021, 2022 and 2023, there were no significant financial liabilities denominated in a currency other than the Euro and we had contracted no derivative financial instruments.

Cashflow interest rate risk

Our interest rate risk arises from the borrowed funds. Borrowings issued at floating rates expose us to cashflow interest rate risks.

As of the financial year March 31, 2023, our exposure to cash flow interest rate risk was mainly due to the debt with Vodafone Luxembourg, S.à.r.l., a Vodafone Group undertaking, amounting to €3,196.4 million (March 31, 2021: €2,684.6 million with Vodafone Luxembourg S.à.r.l; March 31, 2022: €3,039.7 million) which accrues a Euribor-indexed floating interest rate plus a margin. Management of cash flow interest rate risk is centralized in the Vodafone Group. It also includes third party debt for the concession for the private use of radio spectrum granted in the year ended March 31, 2019, in the amount of €146.5 million as of March 31, 2023 (March 31, 2021: €163.7 million; March 31, 2022: €155.2 million) which accrues a fixed interest rate.

Credit risk

Our main financial assets are balances of cash and cash equivalents, trade and other accounts receivable, which represent our greatest exposure to credit risk in relation to financial assets.

Our credit risk is mainly attributable to our trade accounts payable. Our customers consist of retail businesses, corporations and other operators each of which have different risk profiles.

The credit risk arises because we might not recover the carrying amount of the financial assets or recover them on time. The carrying amount of the accounts receivable and other receivables is approximately the same as their fair value.

The amounts shown on the balance sheet are net of allowances for uncollectible amounts. It is our policy to regularly and systematically assess the risk of insolvency of our customers' receivables in order to record the appropriate provisions in the statement of comprehensive income and assess the appropriateness of correcting the level of credit allowed to customers (in this regard, we have in place restrictive credit scoring procedures prior to the opening of new accounts).

With respect to the credit risk arising from cash and cash equivalents, we only work with reputable financial institutions that have a high credit rating.

Liquidity risk

For the purpose of ensuring liquidity and enabling us to meet all the payment obligations arising from our business activities, we have the cash and cash equivalents disclosed in our balance sheet, and historically, the Vodafone Spain Group also had access to the credit and financing facilities granted by the Vodafone Group. In addition, we will have access to the Revolving Credit Facility under the Senior Facilities Agreement.

We maintain cash and cash equivalents which as at March 31, 2023 amounted to cash €4.5 million (2021: €6.6 million, 2022: €4.6 million) and undrawn committed facilities with different financial institutions of €35.5 million (2021: €35.5 million, 2022: €35.5 million). We manage liquidity risk on non-current borrowings by maintaining a varied maturity profile with a cap on the level of debt maturity in any one calendar year, therefore minimizing refinancing risk. Non-current borrowings mature between one and more than five years.

INDUSTRY, COMPETITION AND MARKET OVERVIEW

Macroeconomic context

Spain is the fifth largest economy in the European Union with a GDP of €1.6 trillion (source: IMF) and the fifth most populated country in the European Union, with approximately 47.8 million inhabitants as of March 2023 (source: World Bank). There are an estimated 19.1 million primary households in Spain (source: Eurostat) with the majority concentrated in urban areas as of 2022. However, the density of the Spanish population, at approximately 95.0 inhabitants per square kilometer, is lower than the average of 247.0[1] inhabitants per square kilometer in other major Western European countries (source: Eurostat). There are an estimated 3.2 million active enterprises in Spain in 2023, with the majority of GDP generated by the industry sector and the services sector, which represented 74.6% and 22.8% of Spain's total GDP in 2022, respectively (source: INE).

After a long period of economic recession following the global financial crisis from 2008 to 2013, the Spanish economy returned to growth in 2014, with GDP expanding by 1.4% in that year and growing at a CAGR of 2.6% between 2015 and 2019, above the EU average growth in the same period (source: World Bank). The World Bank reported a contraction of 11.2% for 2020 as a result of the COVID-19 pandemic, but the economy has rebounded, with growth of 6.4% in 2021 and 5.8% in 2022.

In 2023, nominal GDP again expanded by 8.0%, representing one of the highest growth rates in Europe. Spanish employment data has continued to show strength, with unemployment falling to 12.1% in 2023, the lowest since 2008 (source: Eurostat). On a relative basis, Spain weathered the negative economic shock following the Russia invasion of Ukraine well. The resilience of the economy was underpinned by a strong rebound in tourism over the summer season and dynamism of private consumption, further supported by positive labor market developments and less exposure to energy imports from Russia than the rest of Europe.

Spain's economic outlook is robust, with forecast annual nominal GDP growth of 4.0% for the period 2023 to 2025, above several of its European peers (source: European Commission). Spain's unemployment rate is also expected to continue to decline over the same period. Spain is expected to benefit from relatively low inflation levels, with 2023 forecast inflation of 3.2% amongst the lowest in Europe (source: European Commission). As inflation moderates, lower interest rates, stronger private consumption and a further normalization of tourism are expected to sustain economic activity. In addition, the European Union's Recovery and Resilience Facility is set to boost investment growth, and the Spanish government has committed to use €4.8 billion of funding allocation from the European Union's Recovery and Resilience Facility towards SME digitization, including the Spanish government's "Kit Digital" program.

Spanish telecommunications market – historical development

Spain has one of the largest telecommunications markets in Europe, generating an estimated revenue of €25 billion in 2023.

As a result of the liberalization of the telecommunications sector mandated by various European Commission Directives and WTO commitments, since 1998, the Spanish telecommunications market has moved from a closed, restricted and virtually monopolized sector to an open market structure, undergoing significant changes in terms of products, technologies and market structures. Prior to the liberalization, the domestic regulatory framework prevented new entrants from entering the Spanish market, with Telefónica holding a monopolistic position. Post-liberalization, new entrants expanded their product offerings and introduced new technologies, products and services. Orange entered the Spanish telecommunications market in 1999 with Vodafone Group entering in 2000 by acquiring a stake in Airtel Móvil, Spain's second largest mobile phone operator at the time. The development of regional licenses then fostered the emergence of regional telecommunications and cable operators including Euskaltel in 1998 followed by Telecable.

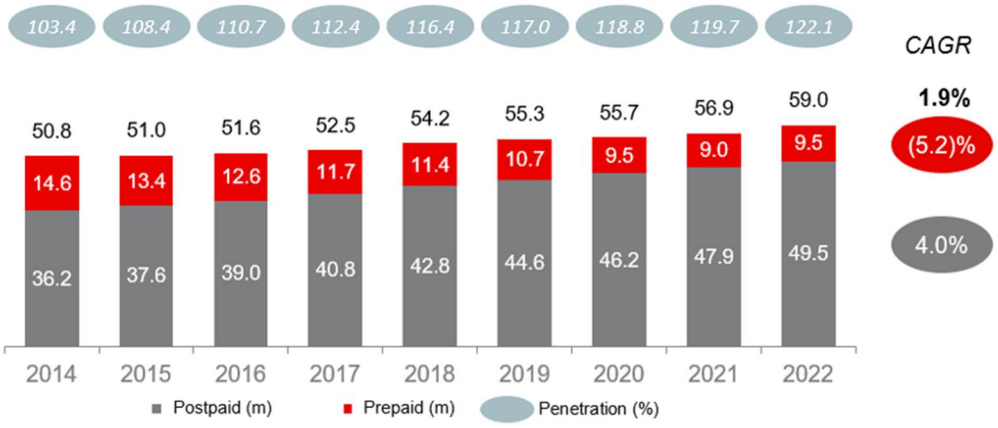
Due in part, to an increasingly favorable regulatory environment, the competitive landscape in Spain intensified in the early 2000's, driven by the emergence of challengers such as Yoigo, Pepephone, MasMovil, Lebara and Lyca, as well as pressure from existing operators. The entry of new competitive players in the market played an important role in facilitating the development of telecommunications infrastructure in Spain.

[1] Average of Belgium, Denmark, Germany, Ireland, Greece, France, Italy, Luxembourg, Malta, Netherlands, Austria. Portugal, Finland, Sweden, Iceland, Liechtenstein, Norway, Switzerland

Mobile market overview

The Spanish mobile market is well developed, with 59 million mobile lines, a penetration rate of 122.1% as of 2022 and 125% as of 2023 (source: CNMC, Ampere's Markets Operators data), of which 49.5 million are mobile post–paid lines (representing 83.9% of total mobile lines), while mobile pre–paid accounts for 9.5 million lines (16.1% of the total accesses) as of 2022. The number of postpaid lines continues to rise, increasing at a CAGR of 4% from 2014 to 2022, while the number of prepaid lines has declined as customers continue to migrate to converged service offerings (source: CNMC).

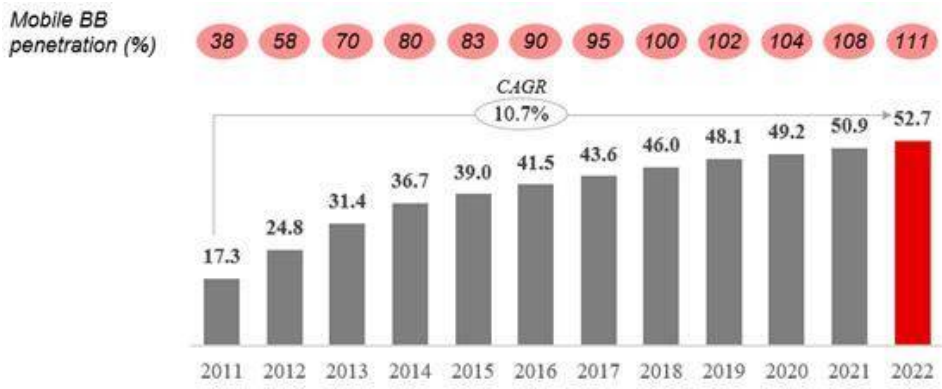
Mobile lines by subscription type (m)



Source: CNMC, 2023

Active mobile BB lines continue to increase in Spain, with 52.7 million lines registered as of year-end 2022, at a penetration rate of 111% over the total Spanish population, which compares to just 17.3 million lines, or 38% of the population in 2011 (source: CNMC).

Active mobile broadband lines (million)

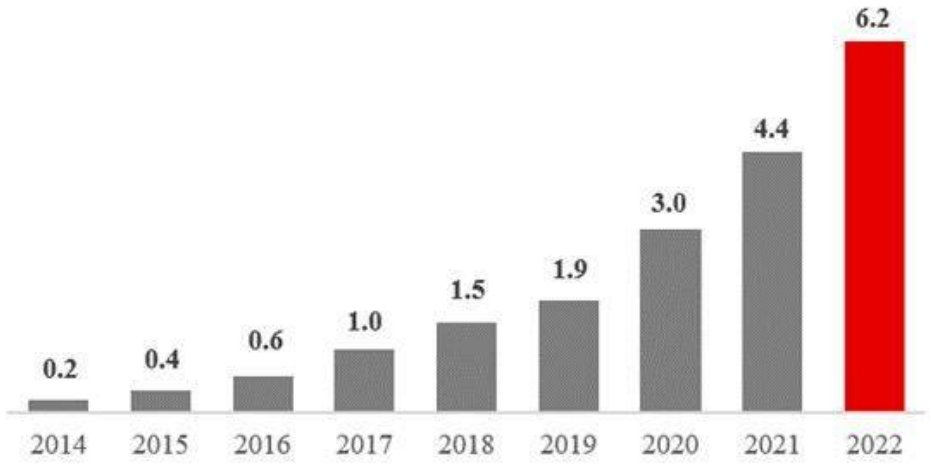


Source: CNMC, 2023

Of the 52.7 million active mobile BB subscribers in 2022, 51.6 million (97.9%) connected through their mobile device, while the number of exclusive data lines stood at 1.1 million. The increase in the number of mobile subscribers via data lines has contributed to material growth in data traffic (source: CNMC).

The main driver of the growing demand for Mobile BB is the accelerating growth in data consumption through mobile devices. This growth results from the increased use of social media, messaging applications, and streaming services, as well as the increase in video resolution and audio quality formats of the content offered by such services. The increase in data traffic has been facilitated by the rollout of 3G and 4G networks over the last decade. The current rollout of 5G technology will further enable this trend, as most operators in Spain already offer 5G connections and unlimited data plans.

Total data traffic over mobile broadband (TBm)

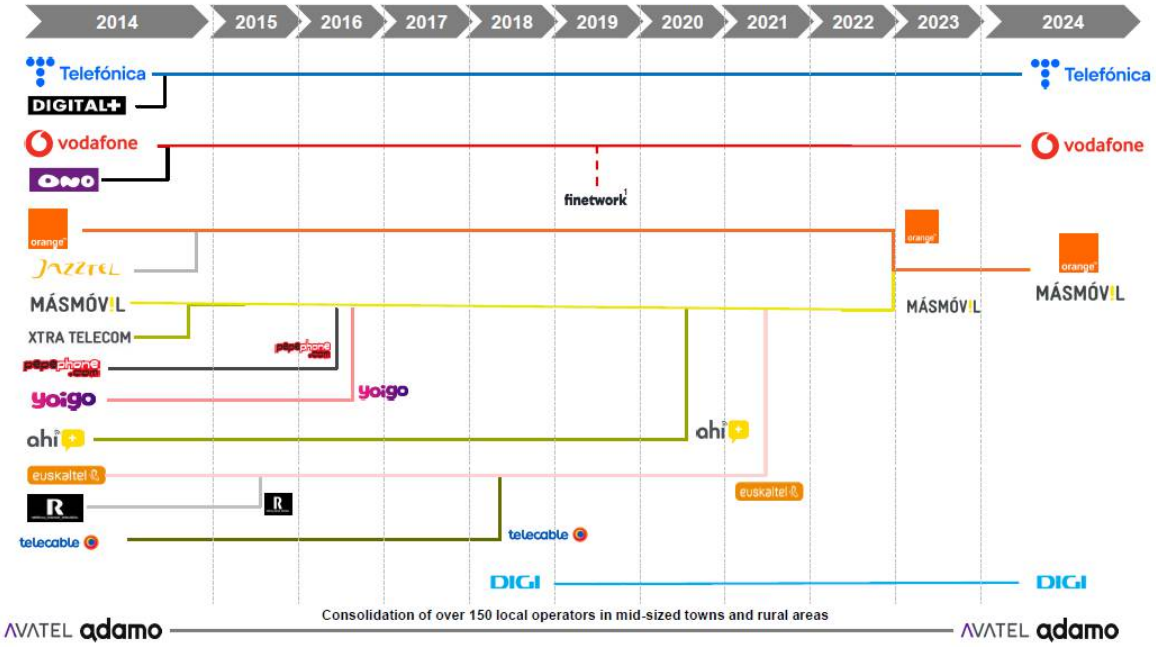


Source: CNMC, 2023

Increasing convergence uptake

During the last decade, the Spanish telecommunications market has been characterized by a degree of consolidation and the rapid transition towards convergence of fixed and mobile services, with operators bundling services such as broadband, television, and mobile and fixed voice into integrated offers which has made the Spanish telecommunications market amongst the most converged in Europe.

The most significant consolidation transactions in the Spanish market between 2014 and 2022 are the following:



Source: Internal information

Note:

(1) Value is focused on Vodafone reseller.

In October 2012, Telefónica launched the high-end brand Movistar Fusión, one of the first bundled offerings, with fixed and mobile services for both voice and broadband at lower prices relative to competitors' separate fixed and

mobile offers. This led to a shift in market dynamics, with an observed decrease in ARPU across services, but also lower customer churn.

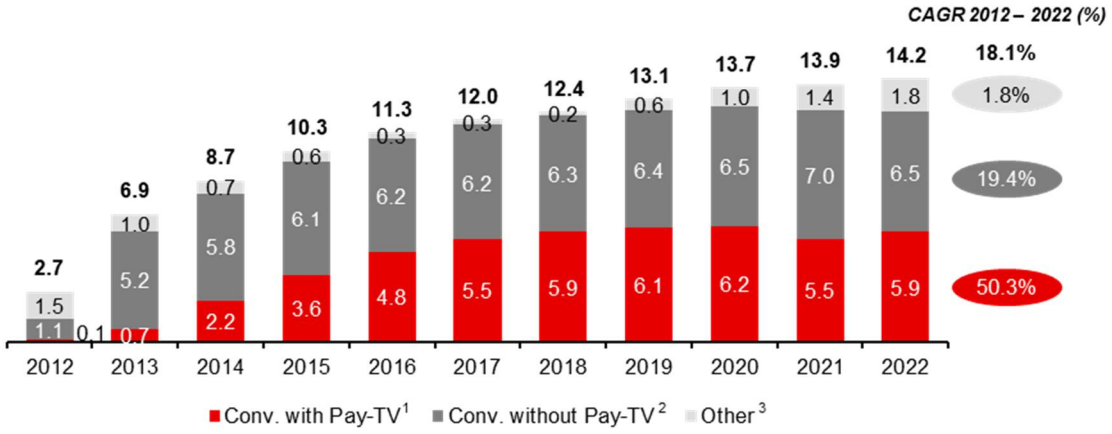
Converged service offerings have become critical for operators seeking to attract customers. As a result, the market moved towards a converged model, with approximately 85% of subscribers having both mobile and fixed broadband bundles in 2022 (source: CNMC), far in excess of other comparable countries and European peers.

Growing convergence offerings across operators in the Spanish market



Source: Internal information

Bundles contracted in Spain (million)



Source: CNMC, 2023

Notes:

(1) Includes fixed broadband, Fixed voice, Mobile BB, Mobile voice and PayTV.

(2) Includes fixed broadband, Fixed voice, Mobile BB and Mobile voice.

(3) Includes (i) fixed broadband, Mobile BB and Mobile voice and; (ii) fixed broadband, Fixed voice and PayTV.

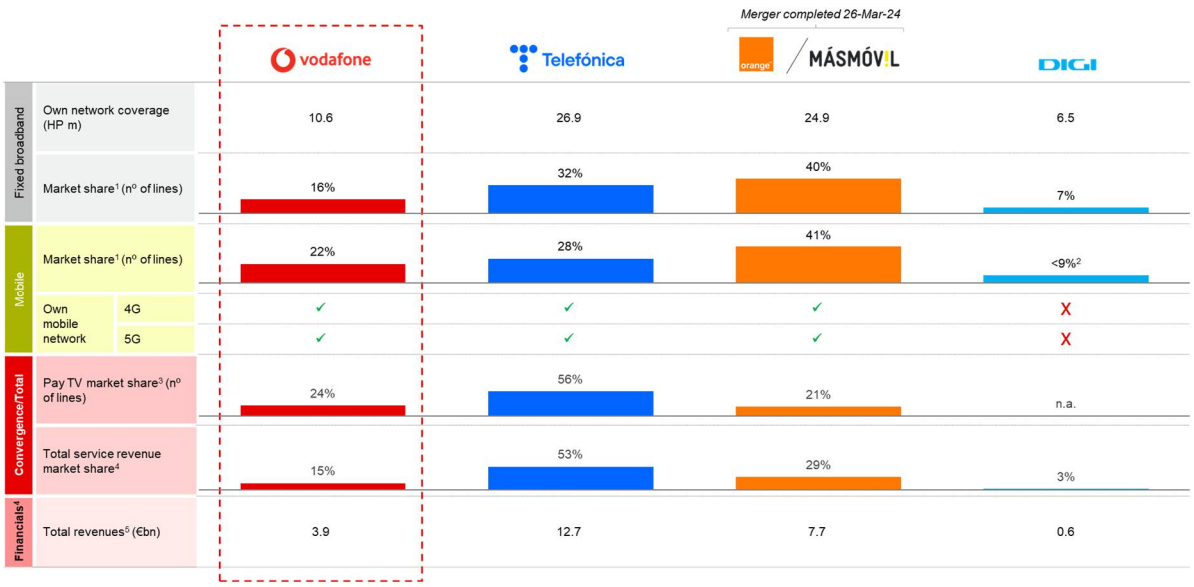
As a result of this convergence trend, mobile-only operators found it more challenging to compete without broadband and PayTV propositions. In order to compete in the converged arena, pan-European MNO Vodafone Group and Orange acquired respectively fixed-only operators ONO (cable), Jazztel and Simyo. Between 2014 and 2021, MasMovil made a range of acquisitions (including Digital+ and Xtra Telecom in 2014, Yoigo in 2016, Pepephone in 2016, Ahi in 2020 and Euskaltel in 2021). This has consolidated the market from 14 operators in 2014 to four major converged operators in 2023 (with the Orange and MasMovil merger recently completed).

PayTV has proven to be a key component of the customer value proposition within converged offerings. Premium sports content – predominantly football – and access to streaming OTT platforms, such as Netflix, HBO Max and

Disney+, are the main drivers of demand for PayTV offerings in Spain. Moreover, some operators have recently started to expand their offerings into other services beyond telecommunications, such as household security systems, electricity supply and financial services.

Competitive landscape

After a decade of consolidation, including the recent merger of Orange and MasMovil, the Spanish market is now led by three main MNOs, i.e., Telefónica, Vodafone Spain and MásOrange, with a combined market share of >90% of the total revenues generated in retail telecommunications activities as of December 31, 2022 (source: CNMC).



Source: CNMC, Internal information

Notes:

(1) Market share as of September 2023.

(2) Includes fixed broadband, Fixed voice, Mobile Broadband, Mobile voice and PayTV converged subscribers as of December 31, 2022.

(3) Refers to total MVNO mobile market share, including Digi and other MVNOs in the Spanish market.

(4) Total service revenue market share for the twelve months ended December 31, 2023.

(5) Total revenue for the twelve months ended December 31, 2023.

There are also a number of strong and growing MVNOs such as Digi and Avatel and a number of smaller players some of which operate at the local or regional level. These operators have also experienced a wave of consolidation in recent years led by regional operators supported by financial investors, such as Onivia, Lyntia and Adamo.

In recent years, the larger operators have shifted their commercial strategy from focusing primarily on the premium segment of the market towards increasingly pursuing a multi-brand approach that allows them to cover the entire market without damaging brand value. This multi-brand strategy not only encompasses offerings from low-cost to premium but also ensures that services are tailored to meet the diverse needs of different customer segments. This approach allows operators to effectively cater to a wide range of preferences within the market while maintaining brand value.



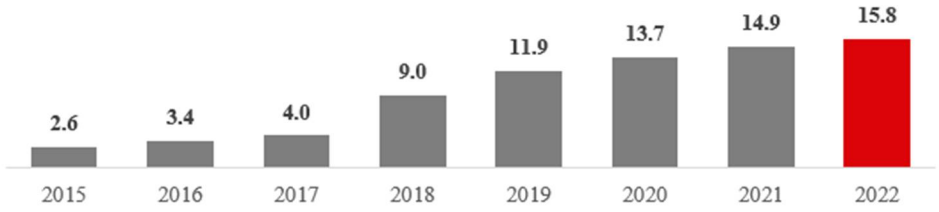
Source: Internal information

In July 2022, Orange and MasMovil announced that they had reached an agreement to combine their operations in Spain. The transaction was conditionally approved by the European Commission in February 2024 and subsequently by the Spanish government in March 2024, provided that MasMovil / Orange divest 60MHz of spectrum in the mid to high band to Digi and also offer an optional national roaming agreement to Digi (Digi would be free to choose their network provider) (source: European Commission). The combined entity represents the largest operator by customer numbers in both the mobile and fixed markets, and the second largest operator in total revenue terms. Orange and MasMovil's combined revenue in 2023 was €7.7 billion compared to €12.6 billion in revenue in 2023 for Telefónica and €3.9 billion in revenue in financial year ended March 31, 2023 for Vodafone Spain (source: Operators' websites). The divestment of spectrum to Digi is still subject to Spanish regulatory approval. Therefore, it is still unknown to what or any extent Digi will use the potentially acquired spectrum.

Fixed market overview

As of December 31, 2022, there were a total of 15.8 million fixed, high-speed (>100 Mbps) broadband lines in Spain, representing approximately 92.3% of total fixed broadband lines in the country. This figure compares to only 2.6 million high-speed lines, or approximately 16% of total fixed broadband lines in 2015 (source: CNMC). This rapid growth of high-speed broadband connections has been possible by the substantial deployment of fiber and HFC infrastructure by operators in recent years, driven by strong demand in both B2C and B2B market segments.

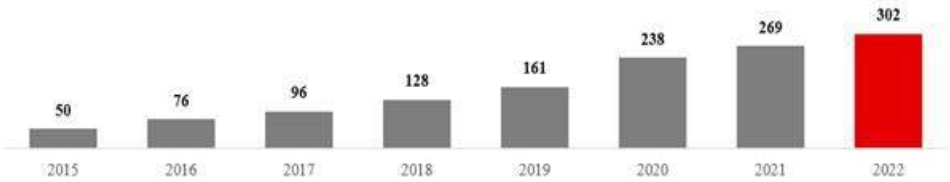
High-speed fixed broadband lines evolution in Spain (million)



Source: CNMC, 2023

In B2C, the increasing adoption of video streaming services, the growing penetration of digital devices, as well as new use cases, such as online gaming, virtual reality and artificial intelligence, are the main underlying drivers of increasing data consumption and demand for higher speed connections. In the B2B space, the decentralization and outsourcing of IT infrastructure and services, the increasing adoption of cloud services, as well as the additional capacity required by mobile networks for the rollout of 5G are, among others, the predominant drivers of increasing demand for high-speed broadband services.

Traffic per line evolution (gigabytes / month / line)



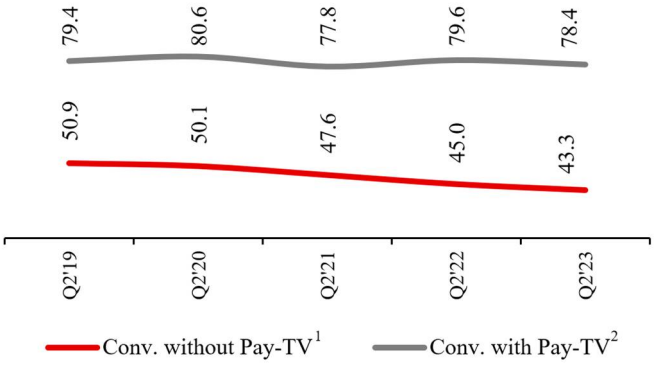
Source: CNMC, 2023

Fixed voice revenue continued to decline during 2022, although the total number of lines remained stable at approximately 19.1 million. Despite its status as a mature market, fixed voice is still benefiting from the gradual bundling of services by national operators. By December 31, 2022, only 21% of fixed voice lines were contracted individually. The remaining 79% were in bundles with other fixed services or bundles including a combination of fixed, mobile and PayTV services (source: CNMC).

ARPU and customer churn

Operators have seen an overall stabilization of ARPU across the market over recent years especially for bundles including TV, and price increases have been introduced by the major operators, as well as other operators in the value segment of the market in 2024 (MasMovil: +4.9%; Vodafone Spain: +4.4%; Telefónica: +5.9%; Orange: +1.6%), following a period of relative price stability between 2020 and 2022 (source: Internal information). Certain operators have also reduced customer discounts. CPI escalator clauses have been included in new contracts by some operators.

Market ARPC in Spain (€)



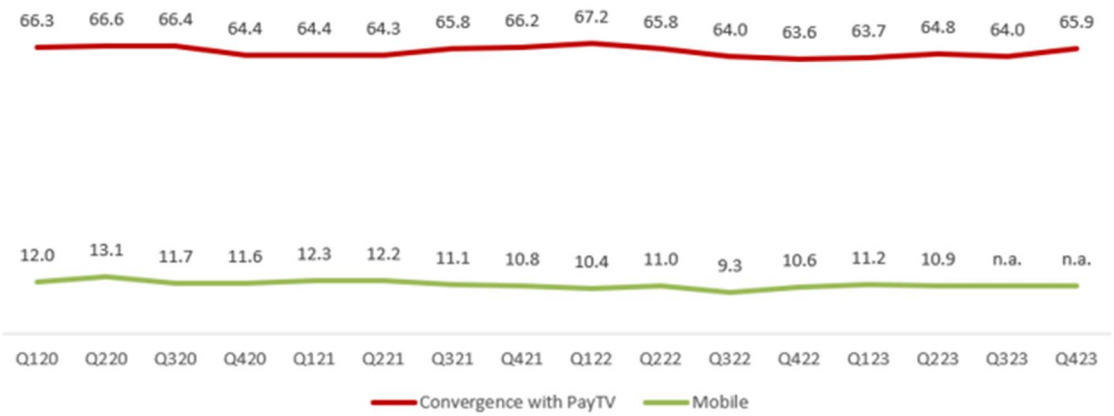
Source: Internal information, 2024

Notes:

(1) Includes fixed broadband, Fixed voice, Mobile BB and Mobile voice.

(2) Includes fixed broadband, Fixed voice, Mobile BB, Mobile voice and PayTV.

Further, while mobile-only ARPU has declined over recent years, as customers have migrated to bundled offerings provided at discounted prices, converged ARPU has stabilized.



Source: CNMC, 2023

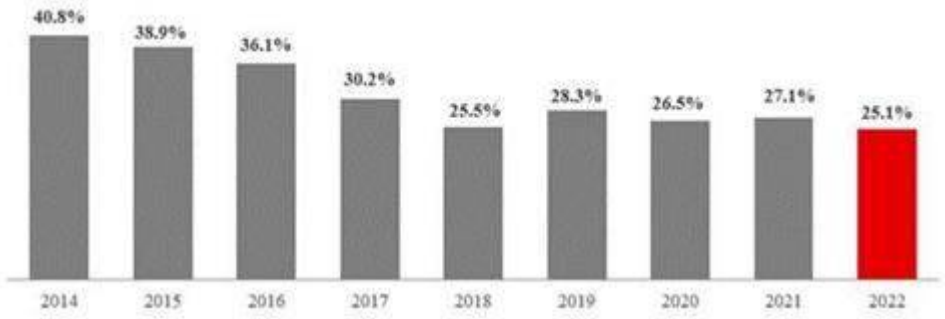
Notes:

(1) Includes fixed broadband, Fixed voice, Mobile BB, Mobile voice and PayTV.

(2) Postpaid.

In addition, overall levels of client churn and monthly portabilities across the industry have experienced a material reduction in parallel with an increase in the penetration of bundled service offerings.

Market churn evolution



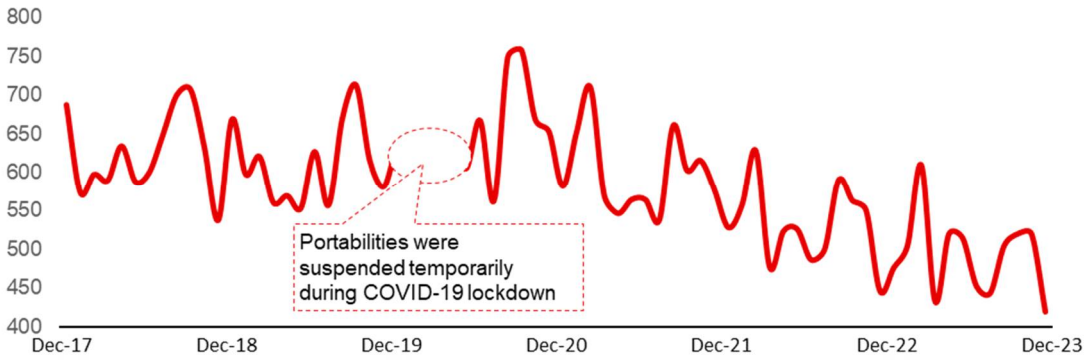
Source: CNMC, 2023

Notes:

(1) Calculated as: number of mobile lines churned / average number of total mobile lines on a yearly basis.

(2) Mobile lines include bundles that include a mobile line along with other service offerings.

Total monthly mobile portabilities (in thousands)



Source: CNMC, Internal information

Spain's telecommunications infrastructure

Spain boasts a highly developed telecommunications infrastructure relative to other markets in Europe, with both mobile and fixed high-speed broadband penetration well above European averages. FTTH penetration in households currently stands at 80% and mobile penetration stands at 125% as of 2023 (source: Ampere's Markets Operators data).

Mobile network

Following the recent merger of Orange and MasMovil, the Spanish mobile telecommunications infrastructure ecosystem now comprises three MNOs that own their network. In recent years, the main driver behind investment decisions has been the rollout by the main operators of NGA mobile networks, including 4G and 5G technology.

The three MNOs Telefónica, Vodafone Group and MásOrange have been rolling out 4G technology since mid-2013 and have now installed 4G base stations across the entire country, covering 99.7% of the population as of 2022. In 2022, operators reported that the 4G network was supported by 62,158 base stations, marking an 84% increase since 2016 (source: CNMC).

In 2016, the EU adopted the 5G for Europe action plan with the aim of fostering coordination among member states to improve Europe's competitiveness in developing this technology, encouraging member states to devise national work plans. In 2017, the Spanish Government published Spain's 2018-20 5G national plan including key measures and a roadmap for 5G development. In June 2019, Vodafone Group launched the first 5G network, positioning itself as a pioneer in 5G deployment in Spain and across industries such as energy, smart cities, tourism, agriculture, health, defense, or digital economy. In 2020 the other MNOs each launched their own, currently covering most Spanish cities and towns comprising 82% of the total population. In 2022, operators reported the accelerated promulgation of the 5G network. This first phase of 5G deployment has been carried out through non-standalone 5G networks, where the 5G technology is anchored to existing 4G infrastructure. This technology reaches latencies below 10 milliseconds, compared to latencies of around 200 milliseconds for existing 4G technology (source: CNMC). It is expected that, once the technology becomes fully available after standardization, MNOs will have the option to start deployment of Stand-Alone 5G (SA), where the 5G technology is anchored to their 5G core networks, reaching latencies of 1 millisecond. Deployment of 5G networks is supported by the Digital Spain 2026 plan, with approximately €1.5 billion in subsidies committed to the development of 5G, backed mainly by EU funds. Of this amount, €950 million had been awarded as of December 2022 (source: February 2023 execution report of Digital Spain 2026 plan).

In an effort to reduce mobile network deployment costs and facilitate investment, in 2006, Vodafone Group and Orange reached an agreement for the active sharing of their mobile networks in towns with less than 25,000 inhabitants. This agreement was renewed in 2016, and in 2019 it was revised and expanded to towns with up to 175,000 inhabitants, encompassing 14,800 mobile locations. In addition, each of the MNOs in Spain have or are considering tower networks sales. For instance, Telefónica sold its remaining shareholding in its towers subsidiary Telxius to American Tower in 2020, and Orange has announced the establishment of an internal tower subsidiary, Totem. Similarly, Vodafone Group's tower portfolio is now held by Vantage Towers.

Spectrum is allocated to operators through auctions organized by the Spanish government, in which frequencies are auctioned among bidders under certain conditions, such as a minimum starting price and predefined concession periods. Spectrum-related investments totaled approximately €1 billion in 2021 (when the latest spectrum auction took place), most of which correspond to the acquisition of 5G spectrum by the main operators (source: CNMC). The most recent auction for 5G spectrum took place in December 2022, with 1,800 MHz in the 26,000 MHz band being allocated among Telefónica, Vodafone Group and Orange, with concessions granted for a 20-year period, with the possibility for extension over an additional 20 years. No additional spectrum auctions are expected within the medium term. Fees are payable for spectrum upon award of the license at the time of the auction, with ongoing taxes payable by the relevant operator depending on the amount of spectrum held at each annual payment date.

Current spectrum frequency holding by operator (MHz)

Technology	5G	4G	2G/3G	2G/4G	3G	4G	5G	
Band	700 MHz	800 MHz	900 MHz	1800 MHz	2100 MHz	2600 MHz	3500 MHz	26000 MHz
Telefónica	20	20	30	40	35	60	100	1000
vodafone	20	20	20	40	35	60	90	400
	20	20	20	40	35	80	110	400
MÁSMÓVIL	-	-	-	30	35	20	80	-
Total	**60**	**60**	**70**	**150**	**140**	**220**	**380**	**1800**

Current spectrum frequency concessions expiry dates

Technology	5G	4G	2G/3G	2G/4G	3G	4G	5G	
Band	700 MHz	800 MHz	900 MHz	1800 MHz	2100 MHz	2600 MHz	3500 MHz	26000 MHz
Telefónica	2041	2031	2030	2030	2030	2030	2030 & 2038	2043
vodafone	2041	2031	2028	2030	2030	2030	2038	2043
	2041	2031	2030	2030	2030	2030	2030 & 2038	2043
MÁSMÓVIL	2041	2031	2030	2030	2030	2030	2030	2043

Source: Spanish Ministry of Economic Affairs and Digital Transformation, 2022

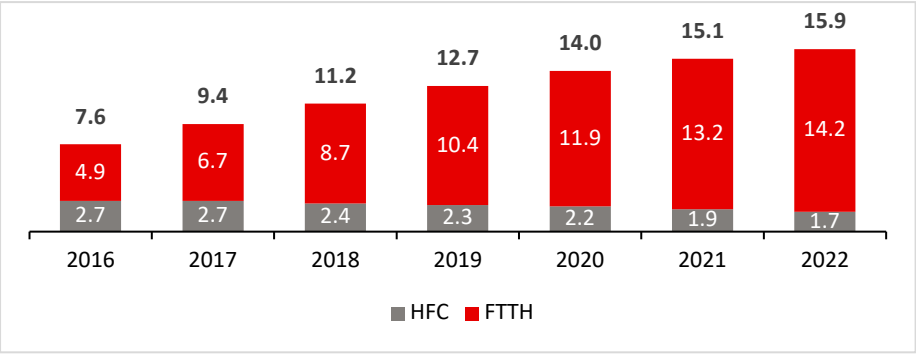
On June 20, 2024, the Spanish Government extended all existing spectrum licenses by ten years. Further, the Orange/MasMovil merger is now approved by both the European Commission and the Spanish government, with the condition that MásOrange divests spectrum held by MasMovil to Digi across three frequency spectrum bands, two medium frequency bands (1,800 MHz and 2,100 MHz) and one high frequency band (3.5 GHz) (source: European Commission). This spectrum divestment is subject to approval by the Spanish government.

Fixed network

Until 2011, the fixed infrastructure market struggled to develop, with operators still relying mainly on legacy ADSL networks, with the exception of cable-based ONO, R Cable y Telecomunicaciones Galicia, S.A., Telecable and Euskaltel. In 2009, the implementation of CNMC regulations to meet EU fiber coverage requirements led to a faster development of the Spanish NGA network. In order to foster the rollout of high-speed broadband networks, the CNMC made it compulsory for Telefónica, the first operator to deploy fiber in Spain, to share infrastructure and fiber cables with all other domestic operators. The CNMC also adopted MARCo (Mayorista de Acceso a Registros y Conductos: Wholesale Access to Metropolitan Records and Ducts) to regulate access to Telefónica's ducts.

As a result of the supportive regulatory environment and the resulting decrease in network deployment costs, an extensive rollout of fiber optic networks has been carried out in the last decade, with FTTH and HFC as the predominant technologies.

FTTH and HFC customers evolution (m)



Source: CNMC, 2023

Telefónica has led this fiber deployment across the country, having built an FTTH network covering approximately 28 million households as of 2022 (approximately 90% of Spanish households) and has committed to decommission its full copper network and replace it with fiber by 2025. Other large integrated operators – Vodafone Group, Orange and MasMovil – have mainly focused their high-speed HFC / FTTH deployment in large and mid-sized cities comprising most of the Spanish population, resulting in high levels of network overbuild in these areas, while independent open-access wholesalers owned by financial investors, such as Onivia, Lyntia

and Adamo, have focused on building smaller networks in small towns and rural areas by consolidating 150 of small local operators and by rolling out their own networks with the support of public subsidies. More than €1.1 billion in subsidies have been granted by the Spanish government over recent years to support high speed broadband rollout in rural areas, mostly coming from the Spanish government's funding allocation from the European Union's Recovery and Resilience Facility.

However, a large part of the fixed infrastructure network in Spain is still owned by Telefónica, meaning that other operators are dependent on wholesale access to Telefónica's network to a significant extent. The New Broadband Ethernet Service ("**NEBA**") was implemented by the CNMC in 2013. NEBA sets out the conditions pursuant to which Telefónica is allowed to offer copper and fiber wholesale broadband access to other operators. NEBA copper and NEBA fiber aims to improve the access to broadband services for users who live in areas with limited infrastructure competition. In 2017, the CNMC approved new regulations for the wholesale fiber market, NEBA Local. NEBA Local provides for a virtual access service to Telefónica's fiber and is a continuation of the NEBA regulation. Pursuant to NEBA Local, Telefónica is required to maintain a wholesale offer for virtual access to its fiber network at a regulated price in low competition areas, which covered 65% of the population in Spain. The CNMC deemed the other areas, home to the remaining 35% of the Spanish population, to already have sufficiently competitive offerings, with at least three operators deploying NGA networks (FTTH, FTTN and HFC). NEBA Local is also more technically complex than NEBA, as it requires interconnecting with Telefónica by local exchange. In 2021, after years of network deployment by operators across the country, the CNMC reviewed NEBA Local regulation, with regulated areas being reduced to 30% of the population and the remaining 70% deemed as competitive and therefore, not regulated.

The fixed infrastructure market has followed a similar mutualization path as the mobile infrastructure market, and several co-investments, network sharing and commercial wholesale agreements over fiber networks have been signed in the past few years. Mutualization of fixed networks allows operators to significantly increase their coverage and reduce rollout costs, thereby creating more scope for investment. As a result, network rollout by large operators has slowed down in recent years. In addition, several operators have recently partially divested their FTTH networks to financial investors in order to crystallize the value of the infrastructure.

DESCRIPTION OF OUR BUSINESS

Overview

We are a leading integrated telecommunications provider of broadband, mobile and TV services and products in Spain, delivering voice, data and other value-added services to over 18 million lines, comprising 16% of the fixed broadband market and 22% of the total mobile market share in Spain (as of September 30, 2023). Our offerings cover both business-to-consumer and business-to-business markets, each with a highly-diversified customer base.

For the twelve months ended February 29, 2024, we generated €3,869 million in total revenue and our Business EBITDAaL amounted to €1,230 million. We operate our business across our Consumer segment (representing 63% of our revenues) and Business segment (representing 33% of our revenues), with the remainder of our revenue generated by wholesale arrangements (representing 4% of our revenues).

Consumer segment

We hold the third-largest market share position in the Spanish consumer market based on number of lines (as of December 31, 2023). Our Consumer segment provides mobile, fixed broadband, fixed voice and TV services to customers across Spain via a multi-brand strategy. Through the Vodafone, Lowi and Finetwork brands, we offer personalized services tailored to the needs of different customers. This multi-brand model for customer service and marketing has allowed us to target all key Spanish customer segments, ranging from premium to value sections of the market. Vodafone is our premium brand, focused on offering superior products and the provision of differentiated PayTV content. Lowi is our digital value brand, focused on providing high-value, lower-cost mobile and fixed broadband services mainly through digital channels. Finetwork is a low-cost fiber and mobile service provider to which we resell our telecommunications services. In May 2024, we agreed a wholesale agreement with Finetwork to provide wholesale access services to its customers under an MVNO model until May 2034, which we do not expect would materially affect our Business EBITDAaL or Business Cash Flow. For the financial year ended March 31, 2023, we derived 74%, 14% and 5% of our Consumer segment service revenue from the Vodafone, Lowi and Finetwork brands, respectively, with the remainder from prepaid mobile.

Business segment

We hold the second-largest market share position in the Spanish business market based on number of lines (as of September 30, 2023). We offer a comprehensive portfolio of business products and services covering connectivity services such as mobile and fixed broadband, as well as additional business services such as IoT, IP-VPN, cyber security and cloud and hosting services. In particular, we are a leading operator in IoT technology, with 5.1 million SIMs as of February 2023, representing an increase of 1 million SIMs compared to March 2022. We also provide secure connectivity through dedicated fiber lines, private 5G mobile networks and digital workplace solutions to business customers. Through the products and services of our Business segment, we address business customers of all sizes, ranging from small home offices to global enterprises. For the year ended March 31, 2023, SOHOs, SMEs, corporates, public administrations and global enterprises represented 29%, 29%, 22%, 12% and 8% of our business revenues, respectively.

We have achieved a significantly converged customer base, driving higher ARPU and a lower level of churn. This convergence is reflected in our converged customer revenues, with 70% of total consumer contract customer revenues and 78% of SOHO business revenues being converged for the twelve months ended February 29, 2024.

We deliver a high-quality network experience for our customers through the nationwide mobile network that we operate with extensive 4G and 5G coverage, supported by strong spectrum holdings and a nationwide high-speed broadband fixed–line network offering gigabit speeds, delivered through a combination of owned and wholesale infrastructure. Our mobile network was awarded the umlaut connect Mobile Benchmark “Best in Test” mobile network test award in Spain in 2024.

Our predecessor business operated under the name “Airtel Móvil,” launching its commercial operations in 1995 after securing a GSM mobile telephony license in 1994. In 2001, Vodafone Group completed its acquisition of Airtel Móvil, which was subsequently renamed Vodafone Spain. In 2014, Vodafone Spain completed the acquisition of ONO, the largest next generation fixed broadband network in Spain, for a consideration of €7.2 billion, becoming a leading integrated telecommunications provider in Spain. In 2018, Vodafone Spain completed the world’s first 5G call. In 2019, Vodafone Spain was the first operator in Spain to connect its clients to a 5G network. In 2021, Vodafone Spain acquired 2x10 MHz of spectrum in the 700 MHz band for €350 million, enabling the acceleration of its 5G deployment.

On October 31, 2023, Vodafone Group Plc entered into the Acquisition Agreement with Zegona for the purchase and sale of 100% of the issued share capital of Vodafone Spain subject to the terms and conditions of the

Acquisition Agreement. As of May 31, 2024, following regulatory approvals, Zegona completed the acquisition and Vodafone Spain became a wholly-owned subsidiary of Zegona, which trades on the main market for listed securities on the London Stock Exchange. As of June 21, 2024, the total market capitalization of Zegona Communications plc was €2.3 billion, making it a FTSE 250 telecommunications operator with Vodafone Spain as its only operating business.

Our Competitive Strengths

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

The Spanish telecommunications market is bolstered by a strong and resilient Spanish economy, the fifth largest in the EU with a GDP of €1.6 trillion. The Spanish economy has a positive outlook for the coming years following nominal GDP growth of 8.0% in 2023, with forecast year-over-year nominal GDP growth of 3.6% in 2024 and 4.5% in 2025, which is well above corresponding nominal GDP performance and forecasts for its European peers (including Germany, France, Italy and the Netherlands), the EU and the euro zone.

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 a highly-converged customer base.

In mobile services, the penetration rate continues to increase and was at 124.5% in 2022 compared to just 108.3% in 2012. Total data traffic has also increased exponentially from 0.2 TBm in 2014 to 6.2 TBm in 2022, driven by increased data consumption through mobile devices, particularly through growth in video and streaming services.

In fixed-line services, the number of high-speed consumer fixed broadband lines increased from 10.7 million in 2015 to 15.1 million in 2023. This has been driven by the growing penetration of digital devices and increased customer use of data services, including the increased adoption of video streaming services. With our extensive gigabit fixed broadband network and the ability to provide convergence products to over 90% of customers in Spain, we have a strong competitive advantage.

Furthermore, over the past decade, the Spanish telecommunications market consolidated and rapidly transitioned towards convergence, which has led to a rationalization of the market. Market churn has declined materially from 40.8% in 2014 to 25.1% in 2022, and converged ARPU has stabilized since the first quarter of 2020, partially reflecting the lower churn of customers subscribing for converged services. The market has recently moved from four main operators to three (as a result of the Orange/MasMovil combination), with three operators constituting more than 90% of the Spanish telecommunications market. We believe that the further consolidation in the Spanish telecommunication industry provides potential market and pricing upsides, particularly given the expected indebtedness and debt service costs of the combined Orange/MasMovil group.

Price increases have been introduced by the majority of market players (Orange: +1.6%; MasMovil: +4.9%; Telefónica: +3.1% (for converged bundles) and +8.6% (for mobile only tariffs); Vodafone Spain: +4.4%) in 2024, providing a positive tailwind in the Spanish telecommunications market, supporting revenue growth for the telecommunications operators. Certain operators 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.

A return to more favorable market conditions has been evident in both the fixed and mobile retail sectors in Spain with positive quarterly year-over-year revenue growth rates for Spanish operators of 2.7% in June 2023, 3.1% in September 2023 and 3.0% in December 2023.

In addition, the Spanish Ministry for Digital Transformation and Public Service has extended spectrum concessions awarded prior to 2022 by an average of 10 years at no extra cost to the affected MNOs (Telefonica, Vodafone, Orange and MasMovil). This is expected to impact a total of six concessions awarded prior to the entry into force of the General Telecommunications Law, including 800MHz, 900MHz, 1.8GHz, 2.1 GHz and 2.6 GHz bands, which previously was set to expire in 2028 and 2030. All such concessions will now be extended to 2040, with the 5G-compatible 3.5GHz concessions extended from 2030 to 2040 and 2038 to 2040.

Leading integrated operator with strong market positions in consumer and business markets, a diversified product offering and highly converged customer base across the value spectrum

We are the third largest national telecommunications operator by market share in Spain as of December 31, 2023. We have approximately 18.1 million total lines and are well-positioned across the consumer mobile, fixed

broadband, fixed voice and PayTV markets in Spain with market shares of 18.2% in mobile consumer contracts, 15.6% in fixed broadband, 19.1% in PayTV and 29.3% in mobile consumer prepaid, in each case as of December 31, 2023.

Consumer segment

For the year ended March 31, 2023, our Consumer segment generated service revenues of €2,217.1 million, representing 63% of our total service revenue. Our multi-brand strategy allows us to tailor our services to different customers from premium to value sections of the market through the Vodafone, Lowi and Finetwork brands. Our Vodafone brand is our premium brand, with customers valuing Vodafone's premium fixed-line broadband, mobile, and TV offering. Our Vodafone brand is particularly focused on making our customers' lives easier through simple, comprehensive all-in-one bundled customer offerings, superior customer service and a seamless digital experience. In the context of growing demand for value offerings in the Consumer segment, our Lowi brand is well perceived by customers, with a leading NPS of 54 as of December 31, 2023. This is reflected in Lowi's recent expansion of subscribers from approximately 800,000 to approximately 1,100,000 in the last two financial years. Our Lowi brand's vision is to be the best digital telecommunication brand, delivering simplicity and value and providing excellence in customer care and operations. The Finetwork reseller brand leverages our infrastructure to provide mobile and fixed broadband customers with quality services at a low-cost.

A differentiating factor of our offering in the Consumer segment compared to peers is our PayTV service offered through our Vodafone brand, where our excellent product offering includes a wide range of OTT services, movies and television series. We believe we have a market leading PayTV platform delivering a superior customer experience, through our long PayTV heritage. We believe that we are therefore strategically well-positioned to continue to grow our market share in this important segment of the market, which forms a key part of our bundled product offering.

Business segment

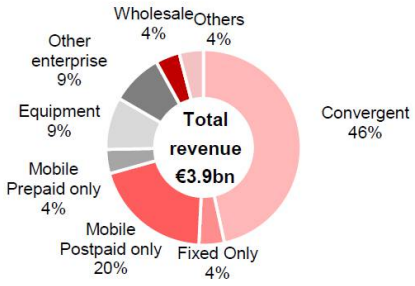
Our Business segment is characterized by a diversified end-market split. We have leading market positions in providing mobile and fixed broadband telecommunications services to SOHO and SMEs. We are a strong player in the Corporate and Public Administration segments, where we have differentiated offering in new business services including IoT, IP-VPN and C&H, which have demonstrated good growth, which we believe will continue. We also offer leading telecommunications and new business services to multinational clients, whereby we benefit from our partnership with Vodafone Group branded Vodafone Global Enterprise, which will continue following the Acquisition. In addition, we provide a broad range of advanced and innovative services to businesses through our partnerships with key technology consultancy sector leaders, including Accenture, Deloitte, Foxway, Google, Microsoft, Samsung and Accenture.

Highly converged customer base

We have a strong converged offering, with over 90% of fixed subscribers purchasing converged packages including fixed and mobile services. This convergence is reflected in our significantly converged customer revenues, with 70% of total consumer contract customer revenues and 78% of our SOHO business customers revenues being from converged offers for the twelve months ended February 29, 2024. Convergence is our strategic focus due to the beneficial effects that a highly converged customer base brings to churn and ARPU levels. Converged offerings demonstrate: (i) lower churn rates, increasing customer stickiness and value generation as convergence grows, and (ii) positive effects on pricing with ARPU being significantly higher for converged products compared to single-service customers.

Diversified product offering and customer base

Our revenue is bolstered by high diversification across products and end-markets, benefitting from a highly-diversified customer base, which we believe provides significant downside protection. For the financial year ended March 31, 2023, we achieved €3,907 million in total revenue across the following products:

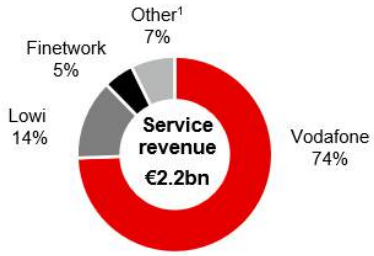


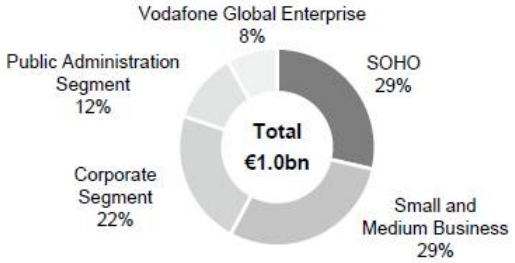
Our service revenue for the financial year ended March 31, 2023 comprised 63% from the Consumer segment, 33% from the Business segment and 4% from other revenues.

We have achieved diversification in the Consumer segment through the growing Lowi brand and aim to achieve further diversification by growing the value-for-money market segment.

We have also achieved diversification in the Business segment where we are active across all customer segments in the Business market and intend to expand our offering in IoT, cloud and hosting, IP-VPN and public administration.

The following charts set forth the Consumer segment service revenue by brand and Business segment service revenue by customer for the financial year ended March 31, 2023:





[1] Other comprises prepaid revenue.

High-quality, next generation mobile and fixed-line gigabit networks

Mobile network

We own and operate a leading mobile network in Spain with extensive 4G and 5G coverage supported by strong spectrum holdings and value-optimizing active and passive sharing agreements. Our mobile network comprises over 19,500 mobile sites, with 99.4% 4G coverage and approximately 77.0% 5G coverage as of February 29, 2024.

Our mobile network has been the recipient of the umlaut connect Mobile Benchmark "Best in Test" mobile network test award for eight consecutive years between 2015 and 2022, and in 2024.

Our mobile network also benefits from sizeable spectrum holdings, with approximately 26% of total market spectrum across the high, mid and low frequencies as of February 29, 2024. We have the highest spectrum ownership relative to our customer base in Spain. This spectrum holding allows us to provide a higher quality network experience for our customers by avoiding congestion, providing higher coverage and enabling improved network efficiency due to higher capacity.

In addition, we benefit from a long-term passive and active network sharing arrangement with Orange for the parts of Spain outside of the main cities, enabling network efficiencies and faster 5G deployment. This agreement was most recently renewed in 2019 and runs through to 2038.

High-speed fixed-line gigabit network

We offer customers access to high-speed broadband services through our high-speed network and wholesale agreements with other operators. The fixed-line broadband network supports gigabit speeds and covers more than 29.7 million premises representing approximately 97% of Spanish households, businesses and other premises as of the year ended March 31, 2024.

Approximately 10.6 million of these homes are supported by our high-speed network which is capable of delivering gigabit speeds (as of February 29, 2024). Our owned network represents a significant infrastructure asset and services approximately 58% of our fixed customers as of February 29, 2024, which Zegona believes has material embedded value. As of November 2022, our fixed network has received high consumer satisfaction ratings with an NPS of 23, ahead of our competitors Telefónica (with an NPS of 18) and Orange (with an NPS of 12). Approximately 19.0 million households are covered through wholesale FTTH partnerships with Telefónica, Orange and Adamo as of February 29, 2024.

Resilient cash flow, with further growth driven by identified cost and capital expenditure optimization initiatives

We have demonstrated an improving cash generation profile, with Business Cash Flow growing from €185 million for the financial year ended March 31, 2021 to €410.6 million for the twelve months ended February 29, 2024. This increase in Business Cash Flow during the period was primarily driven by lower network expenditures due to efficiency programs, new network deployments that moved beyond their peak investment periods and the benefits from the active network sharing arrangement with Orange. We were also able to achieve lower customer premises equipment capital expenditure during the period by promoting a self-installation model which provided customers with equipment in the form of set-up boxes and modems to be used by the customer to receive the underlying services over the contract term. Over the last three years, we have paid no cash taxes due to tax loss carry-forwards.

We have historically reinvested our operating cash flows into growing our network infrastructure and the 5G roll-out. With the 5G roll-out and the Orange RAN share largely completed, we expect growth capital expenditures to be limited in the near term. Furthermore, we expect structurally neutral to positive change in net working capital and limited cash tax outflow in the near-medium term due to our tax losses of approximately €5,129.7 million as of March 31, 2023, which are available to offset against future profits. These tax losses do not expire, and no deferred tax asset is recognized for these losses.

As part of Zegona's previous Spanish investment in Euskaltel, we successfully implemented fundamental changes in relation to cost savings aimed at improving cash flow and deleveraging the business. Through the "major change program" initiated at Euskaltel, Zegona achieved annual cost savings of €40 million between 2018 and the first half of 2020, representing more than 20% of Euskaltel's cash flow for the financial year ending 2020. The initiated change program allowed Zegona to grow Euskaltel's EBITDAaL margin to 50% and cash flow margin to 27% as of first half of 2020. We believe there is a clear opportunity to drive improved cash flows and cash flow margins in our business and we have identified specific areas where we believe we can drive cost savings to bring our cash flow margin closer to Euskaltel in its final year under Zegona's ownership and closer to our peers (the "**Zegona Improvement Plan**"). See *"—Our Strategy—Improve business efficiency through simplifying operations and driving productivity*" for further information on the Zegona Improvement Plan.

Our Strategy

Zegona has significant relevant experience in the Spanish telecommunications market. When Zegona entered the Spanish telecommunications market through its purchase of Telecable in August 2015, it identified an opportunity for it to improve Telecable's performance through operating efficiencies and cost discipline. Zegona took this further through the sale of Telecable to Euskaltel (making Zegona one of Euskaltel's leading shareholders) and the delivery of Zegona's transformation program at Euskaltel to improve cash flow, realize cost savings and deleverage the business, leading to the successful sale of Euskaltel to MasMovil. Based on Zegona's experience in the Spanish and international telecommunications market and its detailed knowledge of the business of Vodafone Spain, Zegona, together with the management team of Vodafone Spain, developed the Zegona Improvement Plan, which is currently being implemented.

Vodafone Spain is one of the leading telecommunications networks in Spain, but following shifts in market structure, Zegona believes the future of the business lies in adjusting the cost and capital expenditure base in the business to the local market context, operating the assets more efficiently and driving value-for-money service propositions. This is a strategy which Zegona is well placed to execute, having developed an attractive business case and with a good track record for enacting similar changes with Euskaltel, a leading operator in the north of Spain, where Zegona delivered its main transformation program between 2019 and 2021, and which resulted in an 87% return on Zegona's Net Invested Capital since 2015.

We have detailed plans to strengthen our business by injecting a highly experienced senior management team, executing a major cost reduction program and driving productivity and revenues through new commercial initiatives. The business has historically been operated as an incumbent, not a local challenger, and we aim to change this. The key strategic priorities identified below aim to support continued growth in cash flows by

improving our value proposition, increasing our market share in the value segment of the Spanish telecommunications market, accelerating digitalization, increasing operational efficiency and driving business simplification.

Our highly experienced senior management team with a proven track record in the Spanish and international telecoms markets will drive the performance of the Vodafone Spain business

Our management team has extensive experience in, and knowledge of, the Spanish telecommunications market and has implemented the acquisition and sale of multiple telecommunications businesses, including Euskaltel, Virgin Media and Telecable. We have appointed a high-quality leadership team in Vodafone Spain, combining highly experienced telecommunications executives with strong leaders with long-standing experience in the Vodafone Spain business. We further intend to reinforce local management on major value add projects, as well as move the key operational decision center for the organization to Spain, ensuring empowerment, accountability and clear responsibilities in all key processes.

We have appointed José Miguel García, ex-Jazztel and Euskaltel CEO, as CEO of Vodafone Spain as of June 1, 2024.

José Miguel García has created value for telecommunications operators in the Spanish market, including at Euskaltel where Euskaltel's EBITDA run-rate increased by almost 8% within the first six months of José Miguel's appointment as CEO. José Miguel was also CEO at Jazztel from 2006 to 2015, where he transformed Jazztel from a local incumbent into a national telecommunication brand with the highest NPS in Spain. In 2014, this led to Jazztel achieving the most highly valued customer service and the highest online brand awareness. Under José Miguel's leadership, Jazztel delivered 4x revenue growth from 2006-2015. In 2015, Jazztel was sold to Orange for €3.4 billion. The significant value creation during José Miguel's tenor as CEO included adding 1.6 million broadband customers and 1.9 million mobile customers, building revenues from approximately €278 million to approximately €1,176 million, improving Jazztel's EBITDA from €137 million to €216 million and increasing Jazztel's market capitalization from approximately €600 million to approximately €3.4 billion (Source: Jazztel annual reports and 2014 market capitalization based on Orange offer price)).

The senior management team of Vodafone Spain will work in partnership with the senior management team of Zegona, including Eamonn O'Hare, ex-CFO of Virgin Media and Tesco UK, Robert Samuelson, ex-Strategy Director of Virgin Media and Menno Kremer, formerly with the TMT investment banking group of Goldman Sachs. Both Messrs. O'Hare and Samuelson acted as directors of Euskaltel and Telecable. Their telecommunications track record is demonstrated by Telecable's sale to Euskaltel for €701 million in May 2017, with revenue growth from less than 1% to more than 3%, an increase in cash conversion from 56% to 61% and a 42% shareholder return in less than two years. Similarly, Euskaltel's successful sale to MasMovil showed a €0.8 billion value creation in two years and an 87% return on Net Invested Capital for Zegona shareholders.

Improve business efficiency through simplifying operations and driving productivity

We intend to simplify our business operations from what we believe has been a complex, high-cost operation and have identified a number of key areas for potential cost reduction. Our base costs are significantly higher than those of Euskaltel on a benchmarked basis and we believe specific cost saving actions could be taken to bring our margins closer to those of Euskaltel.

By way of illustration, our Business Cash Flow Margin of 10% in the twelve months ended March 31, 2023 was significantly lower than the Euskaltel Cash Flow Margin of 27% achieved on an annualized basis during the nine months to September 30, 2020. If our Business Cash Flow Margin could be improved by 50% of the difference between Euskaltel's Cash Flow Margin and our own, that would represent annual cost and capex savings of approximately €320 million.

Zegona Improvement Plan

The identified potential cost reduction actions included within the Zegona Improvement Plan include:

(a) Customer SAC: We believe that our SAC can be materially reduced from approximately €339 per gross addition for the financial year ended March 31, 2023 (approximately 38% higher than that of Euskaltel for the nine months ended September 30, 2020) by taking various actions, including by driving distribution from a focus on traditional retail stores (including by closing underperforming stores) towards customer interactions through our more efficient digital channels, such as the Vodafone.es website, Mi Vodafone App and My Lowi App. We also believe that by optimizing subscriber acquisition cost levels, we would be able to reduce current capitalized commissions;

(b) Fixed wholesale access: reduce network access costs by renegotiating Telefónica and Orange/MasMovil fees to reduce fixed wholesale access fees as a percentage of revenue from approximately 5.9% for the financial year ended March 31, 2023, which is approximately 34% higher than annualized network access costs for Euskaltel for the nine months ended September 30, 2020;

(c) TV content: renegotiate content deals and use the Lowi value segment brand to expand the TV subscriber base, reducing TV content costs from approximately €9.6 per customer as of March 31, 2023, which is approximately two times higher than Euskaltel's was for the nine months ended September 30, 2020;

(d) IT capital expenditure: simplify our business IT systems and consolidate the business onto one IT stack to materially decrease annual spend on IT from approximately €102 million for the financial year ended March 31, 2023, which was approximately 6.7 times higher than the annualized costs for Euskaltel for the nine months ended September 30, 2020. While it is to be expected that our business would have a higher IT systems spend than Euskaltel as we are a larger business, Zegona believes that such difference can be significantly reduced. In addition, Zegona believes that being outside of the Vodafone Group removes group reporting and other specific development requirements, thereby reducing IT spend;

(e) Technology operational expenditure: cancel unproductive technology projects and continue with the implementation of a zero-based budgeting system requiring all budgets to go through full renewal processes on a yearly basis. Zegona believes this could materially decrease total spend on technology operating expenditure as a percentage of revenue from approximately 14.1% for the financial year ended March 31, 2023, which was approximately 80% higher than the annualized spend for Euskaltel for the nine months ended September 30, 2020;

(f) Bad debts: outsource bad debt collection to a specialist collection agency and implement greater controls around distribution, which will seek to reduce bad debts as a percentage of revenue from 0.89% (€35 million (after taking into account a one-off €75.8 million VAT recovery on invoices that were classified as bad debts)) for the financial year ended March 31, 2023, which (if calculated before taking into account the VAT recovery noted above) is 2.8%, which is approximately 3.7 times higher than that of Euskaltel for the nine months ended September 30, 2020.

(g) Support/other operational expenditure: replace current Group services where costs are considered high, remove non-essential activities and implement process improvements to reduce support and other operational expenditure as a percentage of revenue from approximately 11.4% for the financial year ended March 31, 2023, which is approximately 25% higher than annualized expenditures as a percentage of revenue for Euskaltel for the nine months ended September 30, 2020. We also see a broader opportunity to improve staff efficiency through consolidation and other measures; and

(h) Network and other capital expenditure: remove discretionary projects which do not provide a material customer benefit and focus on growing the low cost Lowi and Finetwork brands, which are more simple businesses and would require less network operating costs.

Stabilize revenues with new commercial initiatives

Driving value brands in the expanding market segment

We believe that there is strong potential to grow our market share in the value sector of the Consumer segment of the Spanish telecommunications market by strengthening our value offerings such as the "Lowi" brand through leveraging areas of differentiation, including adding TV services and 5G services to the Lowi offering. Further, we intend to extend our distribution to match the actions being taken by competitors such as Digi and MasMovil in order to close the gap in growth of customer numbers and improve our revenue.

Reduce customer churn

We intend to reduce our churn level, which was at 21% for consumer customers for the last twelve months ended February 29, 2024, compared to 18% for Euskaltel in the financial year ended December 31, 2020. We intend to increase the convergence of Vodafone brand customers and increase the sale of bundles including value-added services and handsets into customer offers. We believe this will increase customer loyalty, decrease customer churn, and continue to stabilize and grow ARPU. We have discontinued 12-month discount periods that end at

the same time customer contracts come up for renewal. We are enhancing our customer retention efforts and improving cooperation between business units to prevent early churn during the process of connecting new customers. Furthermore, we plan to improve the reach of our sales force and add significant sales channel capillarity by increasing our distribution channels, while also transforming our channel model into a digital-first approach, enhancing digital channels for sales, customer support, and service delivery. We intend to focus on our core service differentiators in our customer acquisition activities, such as the breadth of our TV content and applications, B2B capabilities, the quality of our mobile network relative to other players and our customer service excellence (including empowering our people to create a culture of customer service champions).

Increase wholesale

We intend to grow our wholesale activities, which made up only approximately 4% of our revenue for the twelve months ended March 31, 2023 and which typically deliver higher margins than other customer segments. Our contribution of wholesale revenues is low compared to peers such as Orange and Telefónica, both of which generate significantly higher percentages of service revenues from wholesale relationships in their 2023 financial years (20% and 19%, respectively). The low percentage of wholesale revenues was a result of the historical Vodafone Group strategy to focus on other market segments. We will make winning sizeable wholesale contracts, with a particular focus on mobile, a priority in order to close the gap to our peers.

Leverage B2B strength

We intend to prioritize expanding our B2B service portfolio to capture growth in high-demand areas such as cloud computing, hosting solutions, IoT, and IP-VPN services, with a particular emphasis on targeting public administration and corporate segments. We already have a strong customer base in this market, supported by our strategic partnerships with technology leaders such as Microsoft and Accenture. These partnerships enable us to continue growing in this market segment. Additionally, we benefit from ongoing agreements with Vodafone Group, particularly when targeting multinational clients with sophisticated services, including cybersecurity services, digital services, digital workplace solutions and dedicated 5G business networks.

In the SME segment, we believe that we may be able to benefit from the Spanish government's allocation of funding from the European Union's Recovery and Resilience Facility. The purpose of the European Union's Recovery and Resilience Facility is to enable Member States to obtain funding for sustainability and resilience programs beneficial to their societies and economies. We believe that we could benefit from access to new customers who seek to access funds made available to the Spanish government under this facility. In particular, we believe that we can further benefit from the Kit Digital program launched by the Spanish Government, which subsidizes the costs of adopting basic digital solution packages in Spanish SMEs (between 10-49 staff), such as Internet presence, electronic sales, cloud office, digital workplace, digitization of basic processes, customer management, digital marketing, and cybersecurity. We believe that, through our existing relationships and strong network capabilities, we are well-positioned to cross-sell core business telecommunications services to customers who are seeking to access funding made available to Spain under this facility.

Focus on deleveraging through cash flow generation and organic growth

We intend to pursue a prudent financial policy, with a focus on reducing our overall financial leverage through organic revenue growth and strong cash flow generation. We also expect our profitability and cash generation to increase due to our planned cost and capital expenditure optimization initiatives. With these building blocks in place, we aim to deliver on our medium-term financial goals including to de-lever to 1.5 – 2.0x net leverage (excluding leases, based on Business EBITDAaL).

Implement network sharing strategy

We are evaluating a network sharing strategy, involving potential agreements with other fixed line market players to share fixed network assets and, therefore, achieve greater network utilization and efficiencies. We see a potential opportunity to utilize the network sharing concept to realize value from our fixed network and customer base. The potential synergies arising from such a strategy, including operational efficiencies, cost reductions and a reduction in future network related capital expenditure, could potentially improve cash flows. We could also seek third party investors in the network assets.

See "*Risk Factors—Risks Relating to Our Business and Industry—The potential execution of the network sharing strategy introduces risks and uncertainties.*"

History of the Vodafone Spain Group

Our predecessor business operated under the name of Airtel Móvil. It launched its commercial operations in 1995 after securing a GSM mobile telephony license in 1994. By 1997, Airtel Móvil had reached the one million customer mark. In January 2001, Vodafone Group completed its acquisition of Airtel Móvil, which was subsequently renamed Vodafone Spain. The key milestones of Vodafone Spain following its acquisition are:

- September 2007: We agree, and subsequently complete, the acquisition of the Spanish businesses of the Swedish telecommunications group Tele2, enabling the provision of fixed broadband services to Spanish customers.
- July 2014: We acquire ONO for €7.2 billion, which included gaining ownership of ONO's next generation leading high-speed cable network covering approximately 7.2 million premises and with approximately 1.9 million fixed line customers at the time of the acquisition. This acquisition also provided a significant advantage to our FTTH build program with Orange.
- December 2014: We launch Lowi, a low-cost mobile virtual network operator.
- March 2017: We reach a commercial agreement for wholesale access to Telefónica's fiber network, enabling fixed services with downlink speeds of up to 1Gbps. This access agreement with Telefónica is subject to renewal at the end of 2024 and extends for successive one-year periods unless terminated with at least 6 months' notice.
- July 2018: We acquire 90MHz of contiguous spectrum in the 3.7GHz band to deploy 5G mobile services.
- April 2019: We sign a new mobile and fixed network sharing agreement with Orange to enable faster deployment of 5G over a wider geographic area in Spain.
- June 2019: We launch the first commercial 5G network in Spain in 15 cities.
- July 2021: We acquire the concession for the exclusive use of 2x10 MHz spectrum in the 700 MHz band for a period of 20 years, which is automatically renewable for a further 20 years for a concession fee of €350 million. These 5G frequencies enable us to accelerate the deployment of our leading 5G network.
- December 2022: We acquire 400 MHz of spectrum in the 26 GHz band during the last 5G spectrum auction.
- May 2024: The Acquisition by Zegona Bidco is completed on May 31, 2024.

Our segments

Consumer segment overview

Our business caters to both the Consumer and Business markets and has achieved a significantly converged customer base, with 54% of total subscribers buying bundled and converged products, driving higher ARPU and a lower level of churn. Through our Consumer segment, we generated €2,453 million of consumer total revenue in FY23, representing approximately 63% of total revenue.

We have approximately 4.1 million total consumer market subscribers and are well-positioned across the Consumer Mobile, fixed broadband, Fixed voice and PayTV markets in Spain with customer market share of 18.2% in mobile consumer contract, 15.6% in fixed broadband, 19.1% in PayTV and 29.3% in mobile consumer prepaid, in each case as of December 31, 2023.

We market products to consumers via a multi–brand strategy, allowing us to provide converged offerings to both the premium end of the Spanish market with the Vodafone brand and to the value end through the Lowi brand and its wholesale agreement with Finetwork. The different brands provide similar levels of service quality for the services they offer in common. However, the value segment brands do not offer certain premium services such as PayTV or sales of handsets.

Vodafone brand

Vodafone is our premium brand, focused on offering superior products, which include (as of June 30, 2023):

- Mobile: high-quality 4G and 5G postpaid and prepaid mobile offering, including unlimited data and phone plans.

- fixed broadband: high-speed 1Gbps fiber broadband internet.

- PayTV: a significant aggregator of films and series in Spain with more than 80,000 titles.

The Vodafone brand is strongly focused on the provision of differentiated PayTV content via agreements and OTT services, servicing 1.4 million customers (as of February, 2024) and offering 1.1 million physical set-top boxes (as of February 2024). Vodafone integrates all major OTT platforms, which include HBO Max, Disney+, Amazon Prime Video, Filmin, Movistar Plus+, Netflix, AMC+, ATRESplayer Premium, Eurosport Player, DAZN, Startplay, Planet Horror and Accorn, in the Spanish market and has a strong track record of continued expansion of content offering through partnerships such as Filmin.

The Vodafone brand had 2.6 million customers (as of March 31, 2023) and generated €1,577 million of customer revenue in the financial year ended March 31, 2023, representing approximately 74% of total consumer contract customer revenue. The Vodafone brand had 75.0% converged customer revenue for the twelve months ended February 29, 2024. The Vodafone brand had market share in terms of number of revenue generating units (as of December 2023) across Mobile (12%), Fixed (11%) and PayTV (19%).

Our ARPU has shown signs of stabilization and growth, reaching €49.6/month in the three months ended March 31, 2023 (compared to €48.8/month for the three months ended March 31, 2022).

Lowi brand

Lowi is our digital value brand, focused on providing high-value, lower-cost mobile and fixed broadband, with products including:

- Mobile: 4G and 5G mobile coverage with unlimited phone plans and data plans up to 100GB.

- fixed broadband: high-speed broadband internet with speeds up to 1GB.

The Lowi brand had 1.1 million customers as of February 2024, having grown by approximately 800,000 customers from the financial year ended March 31, 2021 and generated approximately €281 million of customer revenue in financial year ended March 31, 2023, representing approximately 13% of total consumer contract revenue.

In the context of growing demand for value offerings in the Consumer segment, our Lowi brand is well perceived by customers, with a leading NPS of 54 as of December 31, 2023. This is reflected in Lowi's recent expansion of subscribers from approximately 800,000 to approximately 1,100,000 in the last two financial years. Our vision for the Lowi brand is to be the best digital telecommunication brand, focusing on simplicity to provide excellence in care and operations.

The Lowi brand had 69.6% converged customer revenue for the twelve months ended February 29, 2024. Zegona believes Lowi continues to have strong potential for growth given its current under-penetration in the Mobile and Fixed markets, where it had 4% and 4% market share, respectively, as of December 2023.

Finetwork brand

Finetwork is a low-cost fiber and mobile service provider. It resells our telecommunications services, leveraging our infrastructure.

- Mobile: 4G mobile coverage with unlimited phone plans and data plans up to 100GB.

- fixed broadband: high-speed broadband internet with speeds up to 600Mbps.

In May 2024, we agreed a wholesale agreement with Finetwork to provide wholesale access services to its customers under an MVNO model until May 2034. Under the terms of the agreement, Finetwork will be responsible for the management of customer relationships including customer service and billing while the provision of mobile access services will be exclusively provided by Vodafone Spain. Under the terms of this agreement, Fiber access services will exclusively be provided by Vodafone.

We have partnered with Finetwork to strengthen our presence in the value segment of the fiber market and with regional telecommunications operators.

Business segment overview

We offer a comprehensive portfolio of products and services including connectivity services such as mobile, fixed and new businesses such as IoT, IP-VPN, and cloud and hosting services. Through our Business segment, we generated approximately €1,289 million of business total revenue in the financial year of 2023 representing approximately 33% of total revenue.

In addition to Mobile, fixed broadband and PayTV offerings, we also sell a broader range of innovative services under our New Business segment. These services comprise an advanced, flexible and innovative portfolio of digital solutions for businesses, including IoT, IP-VPN, and C&H. We also have partnerships with technology consultancy sector leaders including Accenture, Deloitte, Foxway, Google, Microsoft, Samsung and Unisys.

We address businesses of all sizes, from SOHOs, SMEs, larger corporates to public administrations:

- SOHO – approximately 29% of our Business revenue for the financial year ended March 31, 2023. This vertical is geared towards small businesses or self-employed professionals which require basic telecommunication services and solutions including broadband and voice. In addition, we provide advanced digital solutions, adapted to the needs of SOHO customers, including 'Connected Office,' a comprehensive solution to work from anywhere, at any time and in a secure environment. We also provide dedicated customer service by assigning each customer a specialized advisor to ensure they have a single point of contact for addressing their needs.

- SME – approximately 29% of our Business revenue for the financial year ended March 31, 2023. We offer the type of advanced telecommunications solutions typical of large corporations but adapted to the size and needs of medium-sized enterprises to allow these customers to develop and go digital. Examples include the 'Augmented Connectivity' solution, an advanced connectivity and integrated security solution for SMEs with which we provide advanced connectivity, security and teleworking functionalities, and technology solutions packages for SMEs.

- Corporate – approximately 22% of our Business revenue for the financial year ended March 31, 2023. We are a key challenger for corporates, with a number of significant wins in the financial year ended March 31, 2023. Our approach to corporate clients is characterized by a vertical focus, allowing us to provide tailored solutions that meet the unique needs of each industry or sector. We offer more complex and customizable solutions to large-scale organizations which have significant operational requirements and a higher demand for telecommunication services. Services offerings include connectivity solutions, voice services, network security, IP-VPNs, and other managed services.

- Public Administrations – approximately 12% of our Business revenue for the financial year ended March 31, 2023.. We have continued to win additional public administration customers in the financial year ended March 31, 2023. We offer government entities and organizations at various levels our knowledge, infrastructure and technologies to meet their needs and help them be prepared for the digital era with connectivity and management solutions for a digital society. Public Administrations clients include, among others, schools, hospitals and public safety organizations with unique requirements concerning connectivity services, voice, network infrastructure, e-government services and other services and applications. An example of such an application is "Connected Citizens," a communications tool designed to improve relationships between citizens and the Public Administration, generating better connectivity, citizen attention and more personal communications. Public Administrations is a segment showing continued growth, where we intend to invest resources to capture further market share.

- VGE – approximately 8% of revenue in our Business revenue for the financial year ended March 31, 2023. VGE services approximately 2,000 customers who include multinational corporations and global enterprises with complex telecommunications and technology needs. VGE customers typically have operations in multiple countries and regions and require customized solutions to connect their global footprint. The main products and services of VGE include global connectivity solutions, 5G (dedicated) mobile services, IoT, Unified Communications, C&H and security services. The global VGE business will not transfer as part of the Acquisition, but, as part of our ongoing agreement with the Vodafone Group, we will continue to receive revenue from this business in respect of any of our customers or where VGE customers of the Vodafone Group utilize our networks in Spain.

For more information on the historical financial performance, see "*Summary Financial Information and Other Data*" of this Offering Memorandum.

Network

Mobile network

We have a high-quality next generation mobile network with extensive 4G and 5G coverage, a strong spectrum holding and a network sharing arrangement with Orange, which enables us to deliver a high-quality nationwide network experience for our customers.

Our mobile network provides 99% 4G coverage for areas with a signal strength of -118dBm or stronger (with 18,800 4G sites) and 77% 5G coverage (with 5,700 5G sites) as of February 2024. Our mobile network was the recipient of the umlaut connect Mobile Benchmark "Best in Test" award for seven consecutive years between 2015 and 2022, as well as again in 2024.

Our mobile network benefits from sizeable spectrum holdings, with a total share of approximately 26% which is well-spread over the available bandwidths and the highest spectrum holding per mobile customer in the Spanish market. We hold 60 MHz low band spectrum (700-900 MHz), 135 MHz mid band spectrum (1,800-2,600 MHz) and 90 MHz high band spectrum (>3,400 MHz) as of March 31, 2023. High-band is typically used for short distance, high speed communication while low-band is optimally used for longer distance communication with minimal interference. We acquired 400 MHz of spectrum in the 26 GHz band during the last 5G spectrum auction held by the Spanish Government in December 2022. The licenses were granted for an initial 20-year period, with the possibility of a 20-year extension. No further spectrum auctions are planned by the Spanish Government over the medium term.

For additional information on Spanish operators' spectrum holdings, see "*Industry, Competition and Market Overview*" of this Offering Memorandum.

Additionally, our network is complemented by various passive and active sharing agreements which are summarized below:

Network and market service agreement with Orange (2019, as amended in 2023)

- We have an active and passive network sharing (RAN sharing) agreement with Orange ("**Orange Network Agreement**"), addressing 2G, 3G, 4G and 5G technologies. We extended the agreement in 2019 to cover 14,800 sites (outside the main cities, in municipalities with fewer than 175,000 inhabitants). This long-term agreement, which runs out to 2038, enables us and Orange to deploy Next Generation Access (NGA) technologies, including 5G, faster and more efficiently. Our Orange Network Agreement is expected to deliver capital and operational expenditure savings of approximately €600 million total over ten years from signing.

Passive infrastructure agreements

- Our network is supported by passive infrastructure companies who provide macro and micro tower sites.
- In 2020, we agreed a 32-year master service agreements composed of four eight-year periods with automatic renewal covering 9,300 macro and micro sites in Spain with Vantage Towers, an affiliate of Vodafone Group.
- Additionally, we have long-term agreements with TOTEM, Cellnex and American Tower who provide an additional combined approximately 3,300 sites.

Fixed network

We have an extensive fixed network with access to more than 28.9 million premises across Spain as of March 2023 (representing approximately 95% of the country's households, businesses and other premises).

Our owned network passes 10.7 million households, with 3.2 million covered by FTTH, 6.8 million by HFC and 0.7 million households covered by both technologies as of March 2023. Both technologies can deliver gigabit speeds, with the HFC network fully upgraded to DOCSIS 3.1. 55% of our fixed customers are served by our owned network, with 15.9% take up of HFC and 11.4% of fiber as of February 2024.

We have access to approximately 19.0 million households through unique long-term wholesale agreements with Telefónica, Orange and Adamo as of February 29, 2024.

Our extensive fixed network reach, supported by our high-speed infrastructure and long-standing wholesale agreements, has contributed to high consumer satisfaction in speed, reliability, and service. In 2022, Vodafone's

NPS was 23, indicating strong customer approval. Movistar closely followed with an NPS of 18, reflecting solid satisfaction levels. Orange maintained an NPS of 12.

Sales and marketing

Our primary routes to market to consumers include a network of franchised stores, digital sales, telesales and agreements with third-party resellers.

Retail (the vast majority of which is franchised stores) represents the largest sales channel, accounting for 36% and 38% of total interactions related to sales activities of Vodafone and Lowi brands respectively. We have a network of 626 franchise retail outlets, which are all operated by agents, with 370 stores that we sub-leased to agents as of March 31, 2023. Agents are responsible for implementing the advertising and promotions specified by Vodafone Spain and cover all operating costs. We provide all necessary resources for service activation (e.g., handsets and SIMs). The franchisee receives a commission at the time of sale (plus other incentivization plans) with performance monitored on a monthly basis by Vodafone. Agents do not have any territorial exclusivity, allowing us to directly market within the same geographical area as the franchisees. We do not operate any stores directly.

Telesales represents the second largest channel for us, with 31% of Vodafone brand activity and 33% of Lowi brand activity sourced through this channel in FY23. We achieve this through both outbound (active telemarketing) and inbound (customer-led enquiry). Following the recent introduction of a new law in Spain prohibiting outbound telesales and telemarketing to customers who have not consented, this channel is expected to represent less activity in the future.

We have focused on increasing our proportion of digital sales (for example, through the Vodafone.es website and Mi Vodafone app) as digital is a key channel for us to drive new customers, communicate with existing customers and optimize the business as evidenced in the growing digital gross customer additions from 44,000 in the first quarter of the financial year ended March 31, 2020 to 140,000 in the third quarter of the financial year ended March 31, 2023. Having grown as a primarily digital based brand from its launch in 2014, Lowi has delivered faster customer growth through retail channels in the financial year ended March 31, 2023 as we chose to offer those products within Vodafone stores (with low level of cannibalization).

Sources of sales activity other than other mentioned above represented 7% of Vodafone brand activity and 1% for Lowi in the financial year ended March 31, 2023.

Customer service

We provide customer service support through our franchise stores, call center and via digital channels.

To improve customer satisfaction, we have focused on increasing digital customer support with products including the AI digital assistant TOBi via the Vodafone.es website and the Mi Vodafone and My Lowi mobile apps.

Customer satisfaction has shown a strong increase as demonstrated in the Transactional Net Promoter Score (tNPS): Mi Vodafone App tNPS score of 59, Web tNPS score of 39 and overall digital tNPS score of 48, all as of February 2024. My Lowi App has been rated high across platforms, 4.4 out of 5.0 on Android and 4.8 out of 5.0 on iOS as in July 2023.

IT infrastructure

We operate with a well-invested information technology infrastructure platform that ensures the stability of our legacy IT systems and the secure delivery of our advanced telecommunications services. We undertake ongoing investment to upgrade our networks and IT platforms in order to enhance operational efficiency and minimize the risk of service disruption from internal, external or third-party causes. Furthermore, we actively maintain, revise, and test plans for business continuity, technology recovery, and disaster recovery. These measures are taken to reduce the probability, duration, and impact of potential IT infrastructure downtime. These plans include procedures for responding to a disruption, recovering applications and network functions, and resuming operations to a pre-defined level as efficiently and quickly as possible. The implementation of these plans includes physical site risk assessments, the setting and reviewing of service level targets and the integration of resilience assessments into the design or modification of technology infrastructure.

Employees

The average number of persons that we employed in the three financial years ended March 31, 2021, 2022, 2023 and the twelve months ended February 29, 2024 (by FTE) was 4,160, 4,145 and 3,968 and 3,741, respectively. As

part of the Zegona Improvement Plan, we have initiated a plan to consolidate our employees and reduce the average number of employees by approximately 1,200 in the near to medium term.

Real Estate

We are headquartered in Madrid and additionally occupy real estate elsewhere in Spain for office space and technology storage. Part of the core real estate, approximately 200 properties, is occupied through lease agreements, and the rest, approximately 300 properties, are owned by us. These properties are related to our technical sites, rather than B2B retail stores.

Our headquarters in Madrid is occupied by means of a lease agreement entered into on January 16, 2013 between Vodafone España and Solvia Development, S.L. that expires on March 14, 2029. The technology storage facility located in Madrid is occupied by means of a lease agreement entered into on March 16, 2022 between Vodafone España and Vodafone ONO on one part, and Blascan Investments, S.L.U. on the other, expires on March 15, 2042.

ESG

Our ESG agenda is a core component of our strategy and seeks to leverage our leadership on ESG issues. Our purpose is to deliver reliable, high-quality diversified telecommunications services to each of our segments. This purpose informs our relationships with all of our stakeholders. Overall accountability for ensuring our environmental impact, support of the communities where we operate and the commitment to robust corporate governance practices across our business to enable us to maximize our positive impact on society currently rests with the board of directors of Vodafone Spain.

Our ESG strategy is led centrally by a core team of experts with broad representation and a track record of ESG program delivery. Our central strategy is implemented by the incorporation of ESG objectives into our operational and performance targets, ensuring that ESG is integral to how we manage our business and drive value creation for all of our stakeholders. ESG measures are included in the long-term incentive plans of our senior leaders.

Environment

Our strong network is an enabler for a sustainable digital society. We believe that by reducing the emissions and carbon consumption of its footprint, it can drive decarbonization across related commercial sectors. We have implemented a number of energy initiatives to decrease its carbon footprint and improve the efficiency of its energy use. In line with its systematic approach to the continual improvement of energy performance and security across its operations, we have committed to implementing ISO 50001 in all our consolidated markets.

We are subject to a number of environmental laws and regulations. These laws and regulations govern, among other things, the management and disposal of hazardous materials, air emissions and water discharge, the clean-up of contaminated sites and health and safety matters. We are also required to obtain environmental permits, licenses and/or authorizations or provide prior notification to the appropriate authorities when building parts of our network or installing certain types of communications equipment.

We are not aware of any material non-compliance with or liability from relevant environmental laws and regulations.

Social

The goal of our social agenda is to build and develop an engaged and diverse team within a lean and flat organization. We seek to cultivate a distinctive culture through an emphasis on open employee dialogue, empowering leaders, a borderless mindset, a focus on growth opportunities for our people, a ‘Big’ and ‘Small’ ethos that leverages our scale and a start-up mentality.

We support and develop our workforce through training and learning activities. We also offer leadership development support to enable our managers to operate with speed and accountability to deliver our growth initiatives.

Governance

We have implemented a strong governance framework that we believe enables us to operate with significant independence and supports high standards of compliance. As with other aspects of ESG, in governance we have benefitted from the Vodafone Group’s leadership in compliance with governance rules and standards.

Health and Safety

Health and safety are at the center of our operating model and this commitment to safety does not differentiate between our own employees and our contractors, with all personnel expected to comply with the Vodafone Group's "Absolute Rules" on safety, which are focused on risks that present the greatest potential for harm. Robust supervision systems are in place, supported by digital software that enables monitoring of compliance on a continuous basis. A consequence management system is utilized and employees or contractors who repeatedly fail to observe the "Absolute Rules" are excluded from involvement in the Vodafone Group's businesses. If accidents occur, our policy is to perform a full investigation of the cause with suggestions as to appropriate remedial measures. In the event of a fatality, all related work must cease and only recommence with appropriate authorization. Over the past three financial years, there have not been any fatalities related to our business. We will continue to put health and safety at the center of our business and aims to maintain our safety record as a standalone company going forward.

We have implemented an ISO integrated management system, defining global minimum standards and requirements according to internationally recognized standards such as ISO 27001 (information security), ISO 22301 (business continuity management) and ISO 5000 (energy management). We may reevaluate the ISO integrated management strategy, and identify additional ISO certificates to be implemented, going forward.

Our operations, like those of other companies engaged in similar businesses, are subject to the requirements of various occupational health and safety laws and regulations. We abide by applicable occupational health and safety standards as stipulated by legislative and regulatory requirements in Spain and have implemented management systems and reporting structures to ensure effective oversight and implementation of these across our footprint. We have not been subject to any fines or legal or regulatory action involving non-compliance with applicable occupational health and safety laws and regulations which are considered to be material. We are not aware of any material non-compliance with or liability from relevant occupational health and safety laws and regulations.

Insurance

We maintain current insurance policies relevant to our scale and extent of our operations. We have coverage for: property damage and business interruption, directors and officer's liability; pension trustee liability, public and products liability; environmental impairment; personal accident and business travel; transit; political violence, cyber, professional indemnity and intellectual property.

On a local level, our subsidiaries have motor/automobile insurance and Vodafone España also has airside aviation coverage.

We maintain insurance policies in relation to motor/automobile; aviation (airside liability); our directors and officers; and employee medical and life, disability and accident. We effect insurance policies relevant to our business to provide a similar level of coverage as that effected by the Vodafone Group prior to Completion.

Compliance and risk management

We have established a well-defined organizational and operational structure with clearly defined roles, responsibilities and reporting lines to ensure that appropriate spans of control operate throughout the organization, in relation to our business activities and risk management, including business continuity plans which are in place in the event of any material adverse event. Our governance functions include representation from many functions, including risk and compliance and internal audit who have responsibility for monitoring, reviewing, challenging and reporting on the status of Vodafone Spain's risks on an ongoing basis.

Regulatory overview

We operate mainly in two regulated sectors, telecommunications and audiovisual.

Telecommunications

Electronic communications or telecommunications are considered services of general interest and are provided under free competition (except in relation to activities reserved to the State that are deemed to be public services.) As regulated services, telecommunications services are subject to the provisions of the recent Law 11/2022, of June 28, 2022, General Telecommunications Law ("**LGTel**"), which transposes into Spanish law (albeit belatedly) Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018, establishing the European Electronic Communications Code. The regulatory development of the new LGTel is still pending and developing regulations of the former LGTel remain meantime largely in force; significant changes and

clarifications at this regulatory level are therefore foreseeable in the short term, as there are certain issues that the LGTel leaves to regulatory development.

Telecom operators must inform the registry of operators of the CNMC of their intention to operate communications networks or provide electronic communications services, for the purpose of registration in the register of operators. Operators must also comply with certain other obligations.

Once registered, operators must comply with a series of general obligations, including the obligation to, among others: (i) provide information; (ii) facilitate network access and interconnection; and (iii) pay certain fees depending on the services they provide. In addition to these general obligations, operators, depending on their nature and the services they provide, are required to comply with public service obligations (e.g., universal service, routing calls to emergency services free of charge for users etc.) and obligations of a public nature (e.g., secrecy of communications, legal interception, data protection, data retention and data disclosure, encryption, integrity and security and consumer-related obligations). In addition, operators such as Vodafone have the following rights: (i) the right to use the radioelectric domain; (ii) the right to obtain numbering; and (iii) the right to the occupation of public domain and/or private property for the establishment of networks, as well as the right to access to and use of infrastructure capable of hosting public electronic communication networks.

In Spain, the specific competent public authorities in telecommunications matters are: (i) the senior and executive bodies of the Ministry of Economic Affairs and Digital Transformation (*Ministerio para la Transformación Digital y de la Función Pública*) ("**MTDFP**") that assume the powers assigned to this Ministry in regulated matters (e.g., the Secretary of State for Telecommunications and Digital Infrastructure); and (ii) the CNMC in the exercise of the powers assigned to it in regulated matters.

Audiovisual

The audiovisual communication service is a service of general interest provided according to the principles of editorial responsibility. The main piece of legislation currently regulating the audiovisual sector is Law 13/2022, of July 7, 2022, General Law on Audiovisual Communication ("**LGCA**"), which incorporates the latest amendments of Directive 2010/13/EU on Audiovisual Communication Services.

The provision of television audiovisual communication services requires: (i) a reliable communication to the competent audiovisual authority prior to the commencement of the activity; or (ii) a prior license granted through a competitive bidding process if the service is to be provided by means of terrestrial Hertzian waves. Such license is granted for a period of 15 years, subject to renewals.

The purpose of the LGCA is to regulate audiovisual communications at the state level, as well as to establish certain rules applicable to the provision of video exchange services and the provision of the regional and local audiovisual communication services. In this regard, the LGCA includes a series of obligations among which the following stand out: (i) obligation to protect minors; (ii) obligation to guarantee accessibility; and (iii) obligation to promote European audiovisual works and linguistic diversity. In relation to this last obligation, a couple of obligations are noteworthy: (i) the obligation to reserve a percentage of the programming or program catalogue for European works (51% for providers of linear television services and 30% for on-demand television services); and (ii) the obligation to provide advance financing for European works (5% of the income accrued in the previous year if such income exceeds €10 million). Providers of audiovisual services must also meet the levy payment obligation to support the public national TV and radio service ("**RTVE**") unless they qualify as SME.

The LGCA also grants providers specific rights, including: (a) the right to freedom in editorial direction, in the organization of content and freedom to provide services; (b) the right to self-regulation; (c) the right to create channels of commercial communications and self-promotional programs or advertisements; and (d) the right to broadcast advertising messages, sponsorships and to carry out product placement.

In Spain, the specific competent public authorities in audiovisual matters are: (i) the MTDFP; and (ii) the CNMC.

Legal Proceedings

The list below describes any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have or have had in the recent past, significant effects on our financial position or profitability during the 12 months preceding the date of this Offering Memorandum.

(1) In 2014, following the incorporation of Vodafone ONO into the Vodafone Group, tax irregularities were identified by the Spanish tax authorities and a penalty of approximately €72 million was imposed. As a result, three directors of Vodafone ONO were dismissed and denied their accrued bonuses, and in response

two of the former directors filed individual claims against us demanding payment of accrued bonuses and dismissal compensation. The outstanding claims are for amounts of approximately €0.26 million (plus interest and costs) for claims made by one director and approximately €27.3 million (plus interest and costs) for claims made by the other, which we are contesting. We have made provision of €33.3 million as of March 31, 2023 in respect of these outstanding claims.

In addition, Vodafone ONO filed a claim against the directors for the same amount as that of the penalty and after several appeals, the Supreme Court ruled in favor of Vodafone ONO and the former directors were ordered to pay compensation equivalent to the VAT fees that Vodafone ONO was unable to deduct between April 30, 2014 and August 31, 2014. The enforcement claim in respect of this is ongoing.

(2) Approximately 70 dealers have initiated separate claims against us as a result of termination of their individual agreements following sales channel restructurings and refinements, for a total aggregate amount of approximately €100 million. Such claims are not unusual in the Spanish telecommunications industry and typically settle for significantly less than the amounts claimed. Vodafone Spain has made provision of €11.0 million as of March 31, 2023 in respect of these claims.

(3) The Company has contingent liabilities for litigation arising in the normal course of business from which it is not expected that significant liabilities will arise other than those that have already been accounted for.

Material Contracts

Vantage Master Services Agreement

On September 24, 2020 (effective date March 18, 2020), Vodafone España and Vantage Towers entered into a framework agreement for the use of Vantage Towers' passive telecommunications infrastructure by Vodafone España (and amended on November 16, 2020 and on March 31, 2023) (the "**Vantage Master Services Agreement**"). The Vantage Master Services Agreement and associated agreements were negotiated in the context of an affiliated relationship between Vodafone España and Vantage Towers (prior to the spin-off of Vantage Towers). The Vantage Master Services Agreement sets out the terms and conditions for the use, by Vodafone España, of certain physical and electromagnetic field space on the passive infrastructure to install and operate its equipment for the transmission and/or reception of signals over communication networks.

The services that Vantage Towers shall supply to Vodafone España under the Vantage Master Services Agreement comprise the following:

- hosting services: offering and managing space on passive infrastructure to host Vodafone España's equipment;
- energy services in respect of passive infrastructure;
- site modification services;
- built-to-suit services;
- site access management and site operation and maintenance services; and
- electromagnetic field management and support services, only if required by Vodafone España.

Pursuant to the Vantage Master Services Agreement, Vodafone España shall pay service charges, energy charges, input cost recovery charges and any non-recurring charges for the services supplied by Vantage Towers. In addition, Vodafone España shall pay to Vantage Towers a "Top-Up-Fee" of €28 million per annum subject to adjustments for all sites where Orange Spain installs its active equipment pursuant to a separate sharing agreement between Vodafone España and Orange Spain ("**Orange Crossed sites**"). The "Top-Up Fee" is adjusted depending on the number of Orange Crossed sites and other factors.

The Vantage Master Services Agreement caps the liability of Vodafone España in any year at a maximum amount of 10% of the amount of the service charge in the immediately preceding year (subject to certain exceptions including liability for death or personal injury resulting from negligence). The liability of Vodafone España is also capped for any breaches of the separate and individual agreements that govern the services provided by Vantage Towers.

The Vantage Master Services Agreement expressly excludes certain services including: permits and compliance in relation to electromagnetic fields, maintenance of Vodafone España's equipment, health, safety and environmental accountability, installing, commissioning or decommissioning of Vodafone España's equipment,

negotiating and managing contracts for third parties, identifying new active equipment requirements and (in certain cases) power supply.

Vodafone España may designate sites as either "strategic" or "critical" sites from a network management perspective, with the effect that a special charge shall be applied by Vantage Towers. The total number of either of these sites must not, at any time during a contract year, exceed 10% of the total number of sites.

Pricing offered by Vantage Towers to Vodafone España in relation to certain types of site are no less favorable than the prices Vantage Towers offers to other customers.

Vantage Towers LTA

On September 24, 2020 (effective date March 18, 2020), Vodafone España and Vantage Towers entered into a long-term services agreement (the "**Vantage Towers LTA**") by virtue of which Vodafone España provides Vantage Towers with:

- shared administrative office facilities;
- human resources support and other human resources managed services, which include car fleet right of use, courier services and shuttle services;
- local supply chain management;
- management services (which include real time tracking of the provision of the operation and maintenance services or management of tenant incidents arising in relation to the sites owned by Vantage Towers;
- local office IT services;
- cyber security services;
- remote tools services;
- local business support systems services;
- local operations support systems services;
- other facilities' related services; and
- reports of criminal activity services.

The Vantage Towers LTA also provides for potential services to be provided by Vantage Towers to Vodafone España, although as of the date of the Vantage Towers LTA no such services had been identified. The Vantage Towers LTA provides for the service recipient to pay service charges for services provided in line with agreed charging principles.

The Vantage Towers LTA caps liability of Vodafone España as the service provider in any year at 100% of the amount of the service charge in the immediately preceding year (subject to certain exceptions including liability for death or personal injury resulting from negligence).

The Vantage Towers LTA may be terminated following a change of control of Vantage Towers, if control of Vantage Towers is acquired by a competitor of Vodafone España or of any of the companies within the Vodafone Group in any jurisdiction in Europe where they operate.

Vantage Towers Indemnity Agreement

On September 24, 2020, Vodafone España and Vantage Towers entered into an indemnity agreement which allocates the liability of the parties as of the effective date of the spin-off of Vantage Towers, by virtue of which Vodafone España transferred certain tower business assets in Spain to Vantage Towers (the "**Vantage Towers Indemnity Agreement**").

Pursuant to the Vantage Towers Indemnity Agreement, Vantage Towers shall keep Vodafone España indemnified against:

- All claims arising from the joint and several liability of Vodafone España or any member of its group of companies:

- In relation to the assumed liabilities set out in Article 80 of the Law 3/2009 on Structural Changes;
- Under Article 57 of the Spanish Corporate Income Tax Act for any amounts due by Vantage Towers; or
- Any losses derived from taking any reasonable action to avoid any of the above claims.

Vodafone España shall keep Vantage Towers indemnified against:

- All claims arising from Article 57 of the Spanish Corporate Income Tax Act for any amounts due by Vodafone España or any other company of its tax group of companies; and
- Any losses derived from taking any reasonable action to avoid any of the above claims.

Transitional Services Arrangements

Intercompany Agreements

In May 2024, we entered into the Intercompany Agreements which enable us to operate our business in a manner substantially similar to the way it was operated before Completion and enable the Vodafone Group to continue to benefit from our support as we provided before Completion. The total costs (comprised of both fixed and variable costs) of the Intercompany Agreements in the first full financial year following Completion are not expected to exceed €110 million. The services to be provided under the Intercompany Agreements going forward were historically included within the Vodafone Group Spain Segment Adjusted EBITDAaL and Business EBITDAaL. We have the right (subject to any applicable minimum contract periods) to give notice to cease obtaining the services under the Intercompany Agreements and, accordingly, to stop paying the relevant fees.

The Intercompany Agreements include the following:

(1) TSA – for the transitional provision of consumer, business, IT and technology, eSIM, cyber security, network (including the Vodafone Cloud and Infrastructure), finance, corporate functions and other shared services by the Vodafone Group to us for a period which in most cases will not exceed two years from Completion (with the exact term depending on the service). The TSA also governs the provision of certain services which we require on a longer-term basis (between 12 and 36 months), for example because they are especially complex to migrate away from existing Vodafone Group-wide support arrangements or because significant investment would be required to develop a standalone solution;

(2) PSA – access for us to the Vodafone Group's central procurement function, Vodafone Procurement Company S.à.r.l., in Spain for an initial period of three years from Completion (extending for further three-year periods thereafter unless terminated by either party);

(3) BLA – exclusive license to Vodafone España, Vodafone ONO, Vodafone Servicios and Vodafone Energía (with the right to sub-license to Vodafone Spain and any of its subsidiaries) for the continued use of the Vodafone brand for a term of 10 years; and

(4) RTSA – for the transitional provision of technology networks, business customer, business IoT, corporate functions, partner markets and IT support services by us to the Vodafone Group for a period which in most cases will not exceed two years from completion (with the exact term depending on the service).

We and the Vodafone Group also entered into Intercompany Agreements which cover:

(i) the provision by the Vodafone Group to us of certain facilities and services on a long-term basis, including the Vodafone Group's IoT platform, "Internet in the Car" offering and telematics products, access to reciprocal roaming services agreements with other operators and the pass-through of the Vodafone Group's existing carrier master services agreements;

(ii) the allocation between the Vodafone Group and us of revenue received from global enterprise customers following Completion;

(iii) the provision by us to the Vodafone Group of hosting/co-location, ethernet and fiber capacity to enable the Vodafone Group's use of its own international fixed line network assets to support the normal operation of the Vodafone Group's business following Completion;

(iv) the cross licensing of rights in the OneNet and Green Numbers platforms between the Vodafone Group and us and ongoing co-location/hosting;

(v) the future purchase by the Vodafone Group of last-mile access service circuits in Spain from Vodafone ONO for the benefit of the Vodafone Group's own customers; and

(vi) the transfer of assets, independent production units and the relevant employees to the Vodafone Group.

Where the TSA and other Intercompany Agreements involve the provision of facilities, services and support by the Vodafone Group to us post-Completion, the Vodafone Group is required to provide these to an appropriate standard which is consistent with previous practice.

In addition, a separation/migration plan will be agreed between one year and eighteen months (as applicable) to document the migration of data, systems and other arrangements from the Vodafone Group to us during the term of the TSA to allow us to move to standalone operations without reliance on the Vodafone Group after the end of the TSA (other than in respect of the ongoing Intercompany Agreements). Subject to migration, we have no right to extend any service term and Vodafone Group has no obligation to provide any services beyond the expiry of any service term. If any TSA services are not available for any reason, we will not pay for these services and expect to be able to replace them with equivalent services quickly and with a minimum of disruption.

The Intercompany Agreements are all governed by English law.

Transitional Services Agreement

The material terms of the TSA are as follows:

Scope

The services under the TSA ("**TSA Services**") will be provided by VSSL to us for an agreed period following Completion, the length of which will depend on the service. The details of the TSA Services are set out in schedules to the TSA. VSSL provide the TSA Services to a standard which is defined by reference to the standard of service provision to Vodafone Spain in the 12 months prior to Completion (or, for specific longer term services, between 12 and 36 months, if higher, to the standard which services the same or similar to these TSA Services are provided to any relevant affiliate of VSSL in Germany, Italy or the United Kingdom).

Omitted Services

If, within six months after Completion, we identify any services which are not listed in the TSA, but which (i) are reasonably required for the ongoing operation of its business, (ii) were provided to us by Vodafone Group prior to Completion (and not specifically excluded from the scope of the TSA) and (iii) are not readily available from a third party supplier ("**Omitted Services**"), VSSL shall provide such Omitted Services as part of the TSA Services.

Term and Termination

Each TSA Service will be provided during the period set out against that TSA Service in the TSA schedules, subject to extension of that period by agreement between the parties. In most cases, the agreed service term is two years or less. We may terminate the provision of any TSA Service at any time by giving at least the minimum notice period specified in the TSA. In addition, either party may terminate the TSA in whole or in part with immediate effect if the other commits a material breach (which, if remediable, is not remedied within 30 days) or becomes subject to an event of insolvency or force majeure. VSSL may also terminate any TSA Services which it ceases to provide to members of the Vodafone Group in other European markets (including at least Germany and Italy) and in the United Kingdom, subject to written notice being given to Vodafone Spain of no less than the greater of (i) 180 days, (ii) the notice period given to all or the relevant material proportion of the members of the Vodafone Group in other European markets receiving such similar service to the Service being terminated, or (iii) if such termination will (or ought reasonably be expected to) cause material disruption to us or all or a material proportion of our end customers, such longer period as may be necessary to avoid such material disruption (the "**TSA Termination for Cause**"). In addition, VSSL may terminate the TSA immediately where a change of control event in respect of Vodafone España results in: (a) Vodafone España being under the control of, or within the same group as, a direct competitor of the Vodafone Group or any of its affiliates; or (b) any person acquiring control of Vodafone España who, as at the effective date of the change of control event, is: (i) subject to sanctions; and/or (ii) subject to prosecution (or who has been prosecuted) in respect of fraudulent activity in any jurisdiction; or (c) a threat to national security. The parties will agree a migration plan in respect of each TSA Service setting out their responsibilities to facilitate the handover of each TSA Service on expiry or termination of its provision by VSSL under the TSA.

Charges

We pay an amount in respect of each TSA Service as set out in the TSA schedules. If any Omitted Services are subsequently added to the scope of the TSA, the charges for such Omitted Services will be calculated on substantially the same basis as the methodology applied to the calculation of the charges in respect of the same or similar services (as set out in Schedule 1 of the TSA), to the extent that such amounts are reflected in the historical financial accounts of Vodafone España (or any member of the Vodafone Group) (but without any mark-up). Where no reasonable reference point is available from the historical financial accounts, the service charge for the provision of the Omitted Service shall be calculated based on the third party and internal costs reasonably incurred (or to be incurred) by VSSL in the provision of the Omitted Service (without any mark-up).

Liability

Each party's liability under the TSA is subject to a *de minimis* threshold, an agreed financial cap and market standard exclusions and limitations. To the extent that any failure by a third party provider causes a breach of the TSA by VSSL, VSSL's liability in respect of that breach will be limited by reference to the amount which VSSL recovers from the relevant third party, subject to VSSL enforcing (or procuring that its relevant affiliate(s) shall enforce) the terms of any relevant contract with a third party (including any right to claim damages, service credits, rebates or other liquidated sums from the relevant third party) for the benefit of us if the losses that we incur as a result of the relevant act or omission of the third party supplier exceed an agreed figure.

Third Party Suppliers

The provision of certain TSA Services by VSSL will require authorization by relevant third parties, including in relation to change of control provisions, in particular software licensors. The TSA requires the parties to work together to try to obtain and maintain any such authorizations or, if this is not possible, to try to agree workarounds to preserve the benefit of the third party services for us.

Brand License Agreement

The material terms of the BLA are as follows:

Scope

Each of Vodafone España, Vodafone ONO, Vodafone Servicios and Vodafone Energía are granted a non-transferable, non-sub-licensable (in each case, save as permitted under the BLA) license by Vodafone Group Plc (as owner of the Vodafone brand) to use the Vodafone brand for a fixed term in Spain, in connection with the operation and provision of premium offering telecommunications and video on demand services. The license is exclusive, subject to broad permitted uses of the Vodafone brand by the Vodafone Group. The BLA includes a right for each of the licensees to sub-license to Vodafone Spain and any of its subsidiaries without Vodafone Group Plc's consent, subject to certain obligations and parameters. There is a requirement under the BLA for us to enact a brand separation plan to ensure a smooth transition away from the Vodafone brand once the term of the BLA elapses.

Term and termination

The BLA commences on Completion and continues for a term of 10 years. The BLA can be terminated by any party to it with immediate effect on written notice if another party commits a material breach (which, if remediable, is not remedied within 30 days of a notice requiring such a remedy) or becomes subject to an event of insolvency. Vodafone Group Plc may also terminate the BLA with immediate effect on written notice if any of the licensees challenges the validity of the Vodafone trade marks, or causes material damage or detriment to the reputation or goodwill associated with the Vodafone brand (which is not remedied within 30 days of the Vodafone Group requiring such a remedy), and on the occurrence of certain other events. Run-off periods, of varying lengths, apply on termination to ensure a smooth transition away from the use of Vodafone brand to a new brand to be utilized by the Vodafone Spain Group.

License Fee

The non-refundable license fee is expected to be a fixed sum that will be pre-paid prior to the commencement of the BLA separately from the payment of the consideration under the Acquisition Agreement.

Liability

Each party's liability under the BLA is subject to an agreed financial cap and market standard exclusions and limitations.

Reverse Transitional Services Agreement

Details of the services to be provided by us under the RTSA, the applicable charges and the duration of each service are contained in the schedules to the RTSA. The legal terms of the RTSA are substantially identical to those of the TSA (but in reverse, where applicable). In line with the TSA, each party's liability under the RTSA is subject to a *de minimis* threshold, an agreed financial cap and market standard exclusions and limitations, but the liability caps in each agreement differ in size. The RTSA does not contain a termination provision akin to the TSA Termination for Cause.

Procurement Services Agreement

The material terms of the PSA are as follows:

Scope

The PSA provides a framework for Vodafone España, Vodafone ONO, Vodafone Servicios, Vodafone Energía and/or any other member of the Vodafone Spain Group to enter into individual statements of work with Vodafone Procurement Company S.à.r.l. ("**VPC**") under which VPC is instructed to negotiate the purchase of certain products, services and deliverables for our benefit and provide ongoing contract management services. Any agreement with a third party provider which is concluded as a result of such negotiations will be entered into by us on our own behalf. Where any supplier is designated as exclusive under the PSA, we will only contract with that supplier using VPC's procurement services; we may also (subject to agreement of a statement of work with VPC) instruct VPC to provide procurement services in respect of other suppliers.

Pursuant and subject to the terms of the VIPA Transition Agreement (as defined below), to the extent that VPC has previously contracted with third party suppliers on a "buy-from" model (i.e., VPC contracting on its own behalf with a view to reselling those suppliers' products to us) the existing procurement agreements between VPC and us will continue to apply to procurement by VPC from those suppliers prior to Completion and during an agreed run-off period following Completion (the duration of which will vary depending on the relevant supplier). These existing procurement agreements have been replaced by the PSA for the purposes of new procurement processes and VPC will not enter into any agreements with third party suppliers on a "buy-from" basis.

Term and termination

The PSA will run for an initial term of three years from Completion. The PSA will automatically renew for further periods of three years following the end of that prevailing term and any subsequent three-year renewal term, unless any party gives notice to terminate at least 12 months prior to expiry of the initial term. Each party has standard rights to terminate the PSA in the event of the other's unremedied material breach or insolvency (or, in the case of VPC, that of a member of our Group); VPC may also suspend the operation of the PSA or a statement of work while any material breach is continuing. In addition, VPC may terminate the PSA immediately where a change of control event in respect of Vodafone España, Vodafone ONO, Vodafone Servicios, Vodafone Energía and/or any other member of the Vodafone Spain Group, which is allowed to receive services under and in accordance with the PSA, results in: (a) such party being under the control of, or within the same group as, a direct competitor of the Vodafone Group or any of its affiliates; or (b) any person acquiring control of such party who, as at the effective date of the change of control event, is: (i) subject to sanctions; and/or (ii) subject to prosecution (or who has been prosecuted) in respect of fraudulent activity in any jurisdiction; or (c) a threat to national security.

Charges

The amounts payable to VPC under the PSA will be set as a percentage of our expenditure under each applicable third party contract. The percentages differ for different categories of products and services. These amounts will continue to be paid to VPC for as long as any such third-party contract remains in place, including after termination or expiry of the PSA. The charges will be settled in part by a prepayment to be made by us, the value of which will be offset against fees for services to be provided by VPC in respect of exclusive third-party suppliers and other suppliers in the initial three-year term.

Related Agreements

The VPC entered into VPC inter-company procurement agreements with Vodafone España dated April 10, 2008, Vodafone ONO dated October 1, 2014, Vodafone Servicios dated October 21, 2016 and Vodafone Energía dated April 1, 2022 (each as amended from time to time) for the supply of products and services to the Vodafone Spain Group by the VPC on the terms and conditions contained therein (together, the "**VIPAs**"). As part of the Acquisition, Zegona and the Seller have agreed that the VPC and the Vodafone Spain Group shall enter into an

agreement to amend the VIPAs in order to support the procurement of goods and services from third party suppliers on a "buy-from" model on a transitional basis (the "**VIPA Transition Agreement**").

MANAGEMENT

We have presented below the governance structure of Vodafone Spain, the Company and the Issuer following completion of the Transactions.

Vodafone Spain Senior Management

Vodafone Spain is led by its Chief Executive Officer José Miguel García (b. 1962).. In the last 30 years, José Miguel has spent part of his career as a CEO in 16 different countries in Australia, Europe, Latin America and the United States. He was CEO of Jazztel, a Spanish telecommunications company, from 2006 to 2015, which culminated in its sale to Orange for €3.4 billion (with €2.8 billion in value creation over the period he was CEO). Before he joined Jazztel in 2006, José Miguel worked mainly at Cable & Wireless, where his roles included: CEO of Spain and Portugal, executive vice-president in Europe, CEO in Panama and managing director in the UK and Ireland. Previously, he was executive president and CEO in Spain and Portugal of Case Technology, a company he co-founded and subsequently directed in its acquisition by Cable & Wireless, Plc. in 2000. He also successfully took part in the acquisition of SQRRL and Briefcam by Amazon and Canon in 2018. In 2016 and 2017, he was a Board member and Vice-President of the Millicom Group and a Strategic Consultant for the Orange Group, in the transformation of European business units within fixed-mobile convergence. He has also been a strategic investor and advisory member of the Boards of several start-ups around the world over the past 25 years. José Miguel holds a degree in Electrical and Electronic Engineering and a Master's Degree in Digital Communications from Monash University in Melbourne.

José Miguel is supported by Zegona's management team, including the following individuals:

Name	Year of Birth	Position
Eamonn Francis O'Hare.....	1963	Chairman and Chief Executive Officer
Robert Walter Samuelson	1964	Chief Operating Officer
Menno Kremer.....	1979	Investment Director

The management expertise and experience of each of the senior management team of Zegona is set out below.

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

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

Menno Kremer. Menno joined Zegona as investment director in 2016. Since that time he has had significant operational involvement in Zegona's investments in Telecable and Euskaltel. Prior to this, he was executive director in the telecommunications investment banking group at Goldman Sachs where he worked on a broad range of M&A transactions and debt and equity financings for leading European telecommunications companies. Menno holds a Master's degree in International Relations from the University of Groningen, The Netherlands.

Directors

Vodafone Spain's director is:

Name	Year of Birth
José Miguel García	1962

The business address of the Director of Vodafone Spain is Avenida de América 115, 28042 Madrid, Spain.

The Company's director is:

Name	Year of Birth
Robert Walter Samuelson	1964

The business address of the Director of the Company is 8 Sackville Street, London, England, United Kingdom, W1S 3DG.

The Issuer's directors are:

Name	Year of Birth
Chris Biggs	1972
Richard Williams	1972

The business address of the Directors of the Issuer is 8 Sackville Street, London, England, United Kingdom, W1S 3DG.

The management expertise and experience of each of the Directors of the Issuer is set out below.

Chris Biggs. Chris has spent over 30 years in the accounting, consulting and audit profession, advising clients around the world on financial reporting and deal advisory across a wide range of sectors. Prior to his appointment as the Chief Financial Officer of Zegona on June 1, 2024, Chris worked within leading accounting firms, the World Bank in Washington DC and has run his own successful consultancy firm. His experience spans a wide range of sectors, including TMT, banking, investment and asset finance companies. He qualified as a Chartered Accountant (Fellow of the ICAEW) with KPMG and spent 10 years at PwC in an advisory role.

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

Management Incentive Arrangements

Zegona's management team has received management shares in Zegona Limited pursuant to their employee arrangements with Zegona.

SHAREHOLDERS

The Company is a subsidiary of Zegona Communications plc, whose ordinary shares are listed on the standard listing segment of the Official List of the Financial Conduct Authority of the United Kingdom and traded on the main market for listed securities on the London Stock Exchange. See "*Summary—Summary Corporate and Financing Structure*."

As of the date of this Offering Memorandum, the shareholders of Zegona Communications plc holding more than 2% of the total voting rights of Zegona Communications plc are the following:

Shareholder	Ordinary Shares Held	Percentage of Issued Share Capital
EJLSHM Funding Limited.....	523,240,603	74.31
Thornburg Investment Management...	34,709,736	4.93
Alken Asset Management.....	25,698,325	3.65
Fidelity Investments.....	24,533,347	3.48

Vodafone Preference Shares

As part of the Equity Contribution, EJLSHM Funding Limited ("**Newco**") subscribed for €900 million of ordinary shares of Zegona. Newco's equity contribution was, in turn, funded by the subscription of €900 million of preference shares in the capital of Newco through an intermediate holding company by the Vodafone Group ("**Vodafone Preference Shares**"). Newco and Zegona have entered into a conditional subscription and relationship agreement pursuant to which Newco has irrevocably undertaken not to vote ordinary shares of Zegona that it holds (other than in connection with a takeover where the consideration is cash).

Neither the Vodafone Group nor Newco hold any voting rights in Zegona and cannot influence its financial policy. The Vodafone Group does not have any vendor loan with the Parent and its subsidiaries, including the Company and its subsidiaries. Vodafone Group's retained indirect interest in Zegona is solely through the ordinary shares of the Parent held by Newco.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Except as disclosed in each of the financial statements of Vodafone Spain for the financial years ended March 31, 2021, 2022 and 2023 (note 23), and in the Condensed Consolidated Interim Financial Statements for the eleven months ended February 29, 2024 (note 10), we have not entered into any related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) during the period covered by the historical financial information and up to the date of this Offering Memorandum.

As part of the Acquisition, members of the Group have entered into various transitional services agreements with the Seller and its affiliated companies, as described under "*Description of Our Business—Material Contracts—Transitional Services Agreements*."

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following contains a summary of the terms of our key items of indebtedness and is presented, unless otherwise indicated, as of the date hereof. It does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the underlying documents. Capitalized terms not otherwise defined in this section shall, unless the context otherwise requires, have the same meanings set out in the underlying debt documents, as applicable.

Senior Facilities Agreement

Overview and Structure

In connection with the financing of the Acquisition, the Company entered into a senior secured credit facilities agreement dated as of May 24, 2024 between, among others, Deutsche Bank Aktiengesellschaft, ING Bank N.V., Sucursal en España, Unicredit Bank GmbH, DNB (UK) Limited, Banco Santander, S.A. and Intesa Sanpaolo S.P.A, London Branch as mandated lead arrangers and ING Bank N.V., London Branch as agent and as security agent (the "**Senior Facilities Agreement**").

The Senior Facilities Agreement provides for (i) a senior term loan facility in a principal amount of €74,739,149.97 ("**Facility A1**"), (ii) a senior term loan facility in a principal amount of €425,260,850.03 ("**Facility A2**" and together with Facility A1, "**Facility A"**), (iii) a senior term loan facility in a principal amount of €509,721,002.83 ("**Facility B1**"), (iv) a senior term loan facility in a principal amount of € 2,900,278,997.17 ("**Facility B2**"and together with Facility B1, "**Facility B**") and (v) a revolving credit facility in a principal amount of €500,000,000.00 (the "**Revolving Credit Facility**") (Facility A, Facility B and the Revolving Credit Facility are collectively referred to as the "**Original Facilities**" for the purposes of this description).

Borrowers, Currencies and utilizations

Facility A and Facility B may be utilized by the Company (the "**Term Facility Borrower**"). The Revolving Credit Facility may be utilized by the Company and certain of its restricted subsidiaries which accede to the Senior Facilities Agreement as additional borrowers (the "**RCF Borrowers**") from time to time in accordance with the terms of the Senior Facilities Agreement, in EUR by the drawing of cash advances, the issue of letters of credit and ancillary facilities.

Purpose

All amounts borrowed under Facility A1 and Facility B1 have been applied towards: (i) the payment of the purchase price for the Target under the Acquisition Agreement and (ii) the payment of costs in connection with the Acquisition. All amounts borrowed under Facility A2 and Facility B2 have been applied for the purposes of enabling the Company to make available the Vodafone Intercompany Refinancing Loan on the Acquisition Closing Date to the Target for the purposes of refinancing certain indebtedness of the Target Group. The Revolving Credit Facility shall, if drawn from time to time, be applied towards the general corporate and working capital purposes of the Group.

Availability

Facility A and Facility B were fully utilized on the Acquisition Closing Date.

The Revolving Credit Facility may be utilized from (and including) the Acquisition Closing Date to (and including) the date falling 1 month prior to the maturity date of the Revolving Credit Facility.

Utilizations of the Original Facilities are subject to customary conditions precedent.

Interest and Fees

Loans under the Original Facilities initially bear interest at rates per annum equal to EURIBOR, plus an applicable margin, which in each case will be subject to an increasing or decreasing margin ratchet based on applicable ratings and in the case of Facility B only, will be subject to an increasing margin ratchet based on the time a Facility B Loan remains outstanding (calculated against the relevant period).

If EURIBOR is less than zero, EURIBOR shall be deemed to be zero in respect of loans made under Original Facilities.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the closing date (being May 31, 2024) to the end of the availability period applicable to the Revolving Credit Facility at a rate of 30% of the applicable margin for the Revolving Credit Facility. Such commitment fees will be payable quarterly in arrears, on the last day of the availability period applicable to the Revolving Credit Facility

and on the date the Revolving Credit Facility is cancelled in full or on the date on which the relevant lender cancels its commitment.

Any letter of credit issued under the Revolving Credit Facility shall be subject to such issuing bank and fronting fees as may be agreed between the Company and the applicable issuing bank and a letter of credit fee equal to the margin that would have been applicable to a cash drawn under the Revolving Credit Facility in the applicable currency.

Default interest will be calculated as an additional 1% per annum on the defaulted amount.

Repayments

Any outstanding loans made under Facility B will be repaid in full on January 31, 2025 unless the six or twelve month extension options under the Senior Facilities Agreement are exercised.

Each Facility A Loan shall be repaid semi-annually with no repayment instalment being due during each relevant 6-month period from the date of the closing date (being May 31, 2024) up to the fourth repayment date (being the end of year 2); with subsequent repayment instalments being due as follows: 12.5 per cent. in each relevant 6-month period during years 3 and 4; and 25 per cent. in the first 6-month period during year 5 with the remaining outstanding principal amount of each Facility A Loan being due and payable in full on January 31, 2029.

In respect of the Revolving Credit Facility, each advance will be repaid on the last day of the interest period relating thereto. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date of the Revolving Credit Facility, being January 31, 2029. Amounts repaid by the borrowers on loans made under the Revolving Credit Facility may be reborrowed, subject to certain conditions.

In respect of ancillary facilities, each will be repaid on the termination date of the relevant Revolving Credit Facility, being January 31, 2029 or such earlier date on which its expiry date occurs or on which it is cancelled in accordance with the terms of the Senior Facilities Agreement.

Voluntary and Mandatory Prepayment

The Senior Facilities Agreement permits voluntary prepayments to be made (subject to de minimis amounts) and requires mandatory prepayment in full or in part in certain circumstances, including:

(a) upon the occurrence of a Change of Control or Sale (each as defined in the Senior Facilities Agreement), the Original Facilities shall be immediately cancelled and shall immediately cease to be available for further utilisation and all outstanding amounts shall become immediately due and payable.

(b) a "**Change of Control**" shall include (among others):

a. Zegona Communications plc ceasing to control the Company;

b. Zegona Midco ceasing to directly own 100% of the issued share capital of the Company;

c. the Company ceasing to directly own 100% of the issued share capital of Zegona Bidco; and

d. on and from the Acquisition Closing Date (other than as a result of the merger between Vodafone Spain and Zegona Bidco contemplated under the structure report delivered in connection with the Senior Facilities Agreement), the Company ceasing to indirectly control and own at least 51% of the issued share capital of Vodafone Spain; and

(c) a "**Sale**" means a sale of all or substantially all of the Group's business or assets taken as a whole to a person other than a restricted subsidiary or one or more permitted holders.

The Revolving Credit Facility shall not be entitled to any mandatory prepayment proceeds (other than a mandatory prepayment as a result of a Change of Control).

If a lender waives its right (such right shall be at the Company's request only) to receive its share of any prepayment of the Original Facilities ("**Waived Amounts**"), such Waived Amounts may be retained by the Group for any purposes not prohibited by the Senior Secured Credit Facilities Agreement (including restricted payments), may be offered to any lender(s) selected by the Issuer which did not decline such prepayment or applied in prepayment of any other permitted indebtedness.

Guarantees and Security

Guarantor Coverage Test and Material Subsidiaries

The Original Facilities will be guaranteed by each borrower of the Bridge Facilities (the "**Bridge Borrowers**") and the Guarantors (together, the "**Bridge Obligors**"). Subject to the agreed security principles in the Senior Facilities Agreement:

the following security was granted as a condition precedent to the availability of the Bridge Facilities: (a) Zegona Midco granted a limited recourse: (i) English law share pledge in respect of its shares in the capital of the Company and (ii) English law assignment of intercompany receivables owed to Zegona Midco (as lender) by the Company (as borrower); (b) the Company granted: (i) an English law pledge of bank accounts (unperfected until the occurrence of an acceleration event) in respect of its bank accounts; (ii) an English law floating charge over all assets, rights and interests (with no excluded assets); and (iii) a Spanish law pledge of shares in Zegona Bidco; and

the following security is to be granted within forty five (45) days after the Closing Date (or such later date as may be agreed with the Majority Lenders): (i) an assignment of the Vodafone Intercompany Refinancing Loan from the Company (noting that, as at the date hereof, such security has already been granted by the Company); (ii) a pledge of all share capital in Vodafone Spain to be granted by Zegona Bidco; (iii) an assignment of all intra-group receivables owed by Vodafone Spain (as borrower) to Zegona Bidco (as lender); and (iv) certain security interests (as detailed further below) from any material company that is required to accede as an additional obligor to the Senior Facilities Agreement as an additional guarantor from time to time (the "**Condition Subsequent Security**").

Subject to certain adjustments and agreed security principles in the Senior Facilities Agreement, the Company is required to ensure that members of the Group that (i) generate at least 80% of Consolidated EBITDA (as defined in the Senior Facilities Agreement) of the Group (the "**Guarantor Coverage Test**") and (ii) (A) is an Obligor; or (B) that individually generate more than 5% of Consolidated EBITDA of the Group (a "**Material Company**"), in each case, are guarantors under the Senior Facilities Agreement within three months after delivery of the audited consolidated year-end financial statements of the Company.

As part of the additional guarantor accession process, certain credit support is required to be granted (in accordance with, and subject to, the agreed security principles) with respect to material operating bank accounts and intra-group receivables of such acceding additional guarantor and the direct parent holding company of such acceding additional guarantor shall provide security over the shares of such acceding additional guarantor and, if any acceding additional guarantor is incorporated in England and Wales, it is required to grant a floating charge over its assets.

Release of Guarantees and Security

In addition to the circumstances described below under "*—Intercreditor Agreement—Distressed Disposals*" and "*—Intercreditor Agreement—Non-distressed Disposals*," the Issuer may, subject to certain conditions, request the release of a guarantor from its guarantee under the Senior Facilities Agreement if (i) such guarantor is the subject of a disposal permitted under the Senior Facilities Agreement pursuant to which such guarantor will cease to be a member of the Group, (ii) on a pro forma basis taking into account such release, the Guarantor Coverage Test will continue to be satisfied and such guarantor is not a Material Company or (iii) no default is continuing or would result from such resignation and the lenders under the Senior Facilities Agreement consent to such release. Upon the effectiveness of a release pursuant to the foregoing sentence, the applicable guarantor would have no further obligations under the Senior Facilities Agreement, including any obligations to grant Security in any Collateral owned by such guarantor.

The provision and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Intercreditor Agreement and the Senior Facilities Agreement.

Representations and Warranties

The Senior Facilities Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including, amongst others: (i) status, (ii) binding obligations, (iii) non-conflict with other obligations, (iv) power and authority, (v) validity and admissibility in evidence, (vi) governing law and enforcement, (vii) no insolvency, (viii) no filing or stamp taxes, (ix) deduction of tax, (x) no default, (xi) no misleading information, (xii) financial statements, (xiii) pari passu ranking, (xiv) no proceedings, (xv) no breach of laws and (xvi) ownership.

Certain representations and warranties were made on the Closing Date and will be repeated on the date of each utilization request, the date of each utilization and on the first day of each interest period.

Financial Covenant

The Senior Facilities Agreement contains a consolidated net leverage financial covenant ("**Financial Covenant**") set at incremental ratios whereby the Consolidated Net Leverage Ratio as set out in the relevant compliance certificate delivered to the agent under Senior Facilities Agreement shall not exceed (i) for each semi-annual period prior to March 31, 2027, 4.25:1 and (ii) for each semi-annual period ending on or after March 31, 2027, 3.75:1. The first assessment of the Financial Covenant is March 31, 2025.

The Consolidated Net Leverage Ratio will be based on the definitions and adjustments in the Senior Facilities Agreement, which may differ from similar definitions in the Indenture and the equivalent definitions described in this offering memorandum.

The Senior Facilities Agreement contains a provision allowing for the net cash proceeds of any equity issuance or subordinated indebtedness received by the Company or made to the Group to be included in the calculation of Consolidated EBITDA at any time prior to the date that is 20 Business Days after the day on which the relevant compliance certificate was required to be delivered, solely for the purposes of determining compliance with the Financial Covenant (a "**Specified Equity Contribution**") provided that there shall be no more than three Specified Equity Contributions during the life of the Bridge Facilities and there shall be no Specified Equity Contributions in two consecutive semi-annual periods. The Company shall not be able to over-cure by providing a Specified Equity Contribution that is in excess of the amount required to comply with the Financial Covenant.

General Undertakings

The Senior Facilities Agreement contains certain information undertakings including (amongst others) undertakings relating to (i) financial statements; (ii) compliance certificates; (iii) delivery of miscellaneous information; (iv) notification of default; and (iv) know your customer checks.

In addition, the Senior Facilities Agreement also requires the Company and certain of its restricted subsidiaries to observe certain other customary positive and negative covenants, subject to certain exceptions and grace periods, including (but not limited to) covenants relating to: (i) authorizations; (ii) compliance with laws; (iii) pari passu ranking; (iv) taxation; (v) disposals; (vi) guarantor cover; (vii) further assurance; (viii) anti-corruption law and sanctions; (ix) conditions subsequent in respect of the Condition Subsequent Security; and (x) financial indebtedness and guarantees.

Events of Default

The Senior Facilities Agreement provides for events of default, subject to customary materiality qualifications and grace periods (with such grace periods capable of being extended or stayed by a court of competent jurisdiction to the extent the relevant event of default is subject to litigation), including (amongst others): (i) payment default; (ii) breach of the financial covenant; (iii) misrepresentation; (iv) insolvency related events of default; (v) unlawfulness and invalidity; (vi) material failure to comply with the Intercreditor Agreement; and (vii) cross-default.

Governing Law

The Senior Facilities Agreement and any non-contractual obligations arising out of or in connection with it, is governed by, construed in accordance with and will be enforced in accordance with English law.

New Senior Facilities Agreement

Overview and Structure

It is expected that the Company will enter into a new senior facilities agreement, the terms of which are summarized below ("**New Senior Facilities Agreement**").

The New Senior Facilities Agreement will provide for (i) a euro-denominated senior term loan facility in a principal amount of €920 million ("**Facility B (EUR)**") and (ii) a US dollar-denominated senior term loan facility in a principal amount of $400 million ("**Facility B (USD)**", and together with Facility B (EUR), being "**Facility B**").

Incremental facilities may also be established under the New Senior Facilities Agreement from time to time (including by way of an increase to any existing facilities or the establishment of new facilities ("**Additional Facilities**")) ("**Incremental Senior Facilities**" and, together with Facility B, the "**Senior Facilities**").

Borrowers, Currencies and utilizations

The New Senior Facilities Agreement will provide that Facility B (EUR) may be utilized by the Company and certain of its restricted subsidiaries which accede to the New Senior Facilities Agreement as additional borrowers

of Facility B (EUR). Facility B (USD) may be utilized by Zegona Finance LLC and certain of the Company's restricted subsidiaries which accede to the New Senior Facilities Agreement as additional borrowers of Facility B (USD).

Facility B (EUR) shall be drawn in euros; Facility B (USD) shall be drawn in US dollars; and in relation to any Additional Facility, the currency shall be as agreed between the Company and the applicable Additional Facility lenders.

Purpose

All amounts borrowed under Facility B shall be applied towards: (i) refinancing Facility B (under the Senior Facilities Agreement) and, if prepaid in full, any other Bridge Facilities (the "**Refinancing**"); (ii) financing or refinancing any transaction costs or other expenses incurred in connection with the Refinancing; and/or (iii) to the extent not applied for a purpose set out in sub-paragraphs (i) to (ii) above, financing or refinancing the general corporate purposes and/or working capital requirements of the Group (including, for the avoidance of doubt, any cash over funding).

All amounts borrowed under an Additional Facility shall be applied towards the general corporate and working capital purposes of the Group, or as otherwise agreed in the relevant additional facility notice.

Availability

The New Senior Facilities Agreement will set out that Facility B may be utilized from (and including) the date of the New Senior Facilities Agreement to (and including) the last day of the "**Certain Funds Period**" which shall be defined as the period commencing from the date of the New Senior Facilities Agreement to and including 11.59 p.m. on the earliest to occur of (i) the date 5 Business Days after (and excluding) the date on which the first utilization under Facility B occurs (the "**Facility B Closing Date**"); and (ii) the date falling 60 days after (and excluding) the date of the New Senior Facilities Agreement, or such later time and date agreed by the majority lenders under the New Senior Facilities Agreement (acting reasonably and in good faith)..

Utilizations of Facility B are subject to customary conditions precedent.

Interest and Fees

Loans under Facility B (EUR) will initially bear interest at rates per annum equal to EURIBOR and loans under Facility B (USD) will initially bear interest at rates per annum equal to Term SOFR, plus an applicable margin, which will in each case be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured leverage to Consolidated EBITDA (the "**Consolidated Senior Secured Leverage Ratio**").

If the applicable benchmark rates are less than zero, the relevant rate shall be deemed to be zero in respect of loans made under Facility B.

Default interest will be calculated as an additional 1% per annum on the defaulted amount.

Repayments

The loans made under Facility B will be repaid in full on the date that is five years from the Facility B Closing Date.

Voluntary and Mandatory Prepayment

The New Senior Facilities Agreement permits voluntary prepayments to be made (subject to de minimis amounts) and requires mandatory prepayment in full or in part in certain circumstances, including:

(a) for each financial year (commencing with the second complete financial year following the Facility B Closing Date), a percentage of excess cash flow in the event that excess cash flow exceeds a minimum threshold amount (subject to certain adjustments based on anticipated debt service, distributions to be paid to minority shareholders and certain other expenses), which percentage decreases as the Consolidated Senior Secured Leverage Ratio decreases (an "**Excess Cash Flow Prepayment**"); and

(b) upon the occurrence of a Change of Control (as defined in the New Senior Facilities Agreement which follows terms substantially similar to the Notes as described in the section entitled "*Description of the Notes*"), each lender and issuing bank shall be entitled to require prepayment of outstanding amounts and cancellation of its commitments within a prescribed time period.

If a lender waives its right (such right shall be at the Company's request only) to receive its share of any prepayment of the Facilities ("**Waived Amounts**"), such Waived Amounts may be retained by the Group for any purposes not prohibited by the New Senior Facilities Agreement (including restricted payments), may be offered to any lender(s) selected by the Issuer which did not decline such prepayment or applied in prepayment of any other permitted indebtedness.

Guarantees and Security

Guarantor Coverage Test and Material Subsidiaries

Facility B will be guaranteed by each borrower of Facility B (the "**Facility B Borrowers**") and the Guarantors (the "**Facility B Obligors**" and together with the Facility B Borrowers, the "**Obligors**"), subject to the agreed security principles in the New Senior Facilities Agreement:

the following security will be granted as a condition precedent to the availability of the Senior Facilities: (a) Zegona Midco will enter into: (i) an English law deed of confirmation in respect of the first ranking (limited recourse) security over its shares in the capital of the Company and (ii) an English law deed of confirmation in respect of the first ranking (limited recourse) assignment of intercompany receivables owed to Zegona Midco by the Company; (b) the Company will enter into: (i) an English law deed of confirmation in respect of the floating charge in respect of all assets, rights and interests of the Company (with no excluded assets), (ii) an English law deed of confirmation in respect of the first ranking assignment of intercompany receivables (including, but not limited to, the Vodafone Intercompany Refinancing Loan) owed to the Company from other members of the Group; (iii) an English law first ranking security over its shares in the Issuer; (iii) a Spanish law deed (*poliza*) of extension and ratification of the pledge over Zegona Bidco's shares together with a public deed (escritura publica) of ratification of irrevocable power of attorney granted by the Company in respect of that pledge; and (iv) an English law first ranking security over its shares in Zegona Finance LLC; (c) the Issuer will grant: (i) an English law first ranking assignment of intercompany receivables owed to the Issuer by the original borrowers under the New Senior Facilities Agreement; (ii) an English law first ranking security over its material operating bank accounts; and (iii) an English law floating charge in respect of all assets, rights and interests of the Issuer (with no excluded assets); and (d) Zegona Finance LLC will grant a State of New York law governed all-asset security.

Subject to certain adjustments and agreed security principles in the New Senior Facilities Agreement, the Company is required to ensure that members of the Group incorporated in a Guarantor Jurisdiction (i) that generate at least 80% of Consolidated EBITDA (as defined in the section entitled "*Description of the Notes*") of the Group within certain agreed jurisdictions ("**Guarantor Jurisdictions**"), namely, any member state of the European Union as at the date of the New Senior Facilities Agreement, Switzerland, Canada, Gibraltar,the UK and the US (including any state thereof and the District of Columbia) and (only in resepct of such borrower) the jurisdiction of incorporation of any borrower (the "**Guarantor Coverage Test**") and (ii) that individually generate more than 5% of Consolidated EBITDA of the Group (a "**Material Subsidiary**"), in each case, are guarantors under the Facilities Agreement on or prior to the date which is 120 days after the Facility B Closing Date (or such later date as agreed with the majority lenders), and thereafter on an ongoing basis within 120 days of the last date on which the annual financial statements of the Company (or other applicable financial reporting entity) are required to be delivered to the agent under the New Senior Facilities Agreement.

As part of the guarantor accession process, security shall be granted (subject to the agreed security principles): (a) over any shares or equivalent ownership interests held by a Material Subsidiary in the capital of any other wholly owned Material Subsidiary incorporated in a Guarantor Jurisdiction; (b) over the intra-group receivables owed by any Material Subsidiary to that Material Subsidiary; (c) over the material operating bank accounts of that Material Subsidiary; and (d) in respect of any guarantor guaranteeing the Bridge Facilities, any other security granted by, or in respect of such guarantor pursuant to the New Senior Facilities Agreement shall be granted in favour of Facility B at the same time (in the case of any US Guarantor, a New York law governed first ranking pledge of all assets; and in the case of a Guarantor incorporated under the laws of England and Wales, a customary floating charge and equivalent security).

Release of Guarantees and Security

In addition to the circumstances described below under "*—Intercreditor Agreement—Distressed Disposals*" and "*—Intercreditor Agreement—Non-distressed Disposals*," the Company may, subject to certain conditions, request the release of a guarantor from its guarantee under the New Senior Facilities Agreement if (i) such guarantor is the subject of a third-party disposal or other permitted activity under the New Senior Facilities Agreement pursuant to which such guarantor will cease to be a member of the Group, (ii) on a pro forma basis taking into account such release, the Guarantor Coverage Test will continue to be satisfied, (iii) the lenders whose commitments under the New Senior Facilities Agreement aggregate greater than 50% of the total commitments

under such facilities consent to such release or (iv) the resignation of that guarantor was contemplated by the Intercreditor Agreement. Upon the effectiveness of a release pursuant to the foregoing sentence, the applicable guarantor would have no further obligations under the New Senior Facilities Agreement, including any obligations to grant Security in any Collateral owned by such guarantor.

The provision and the terms of the security and guarantees set forth above will in all cases be subject to certain limitations and are at all times and in all cases subject to the requirements of applicable law and the other matters set forth in the Intercreditor Agreement and the New Senior Facilities Agreement.

Representations and Warranties

The New Senior Facilities Agreement contains certain representations and warranties (subject to certain agreed qualifications and with certain representations being repeated), including: (i) status, (ii) binding obligations, (iii) non-conflict with other obligations, (iv) power and authority, (v) validity and admissibility in evidence, (vi) governing law and enforcement, (vii) no insolvency, (viii) filing and stamp taxes, (ix) taxation, (x) no default, (xi) no misleading information, (xii) financial statements, (xiii) no proceedings, (xiv) sanctions, (xv) anti-corruption laws and anti-money laundering laws, (xvi) investment company act, (xvii) margin regulations, (xviii) ERISA and (xix) shares being subject to transaction security.

Certain representations and warranties were made on the Facility B Closing Date and will be repeated on the date of each utilization request, on the date of each utilization, on the first day of each interest period and at certain other times.

General Undertakings

The New Senior Facilities Agreement contains certain substantially similar general covenants, information undertakings and related definitions as under the Notes (with, in each case, certain adjustments), including (i) limitations on indebtedness; (ii) limitations on restricted payments; (iii) limitations on liens (which specifies that any liens on the Collateral will not give an entitlement to be repaid with proceeds of enforcement in priority to the Finance Parties); (v) limitations on sales of assets and subsidiary stock; (vi) transactions with affiliates and (vii) merger and consolidation undertakings.

In addition, the New Senior Facilities Agreement will also require the Company and certain of its restricted subsidiaries to observe certain other customary positive covenants, subject to certain exceptions and grace periods, including covenants relating to: (i) authorizations; (ii) compliance with laws; (iii) pari passu ranking; (iv) guarantor cover; (v) conditions subsequent; (vi) taxation; (vii) centre of main interests; (viii) sanctions; (ix) anti-corruption and anti-money laundering laws; (x) further assurances; and (xi) ratings.

The New Senior Facilities Agreement will also require the Company to comply with certain customary information undertakings, including delivery of quarterly and annual financial statements and accompanying compliance certificates, which may differ from similar requirements in the Indenture and as described in this offering memorandum.

Events of Default

The New Senior Facilities Agreement provides substantially similar events of default as under the Notes. In addition, the New Senior Facilities Agreement provides for additional events of default, subject to customary materiality qualifications and grace periods (with such grace periods capable of being extended or stayed by a court of competent jurisdiction to the extent the relevant event of default is subject to litigation), including (i) breach of the financial covenant applicable to any revolving credit facility; (ii) misrepresentation; (iii) invalidity and unlawfulness of the Senior Facilities financing documents; and (iv) repudiation and rescission of the Senior Facilities financing documents.

Governing Law

The New Senior Facilities Agreement and any non-contractual obligations arising out of or in connection with it, is governed by, construed in accordance with and will be enforced in accordance with English law although the general covenants, events of default, information undertakings and related definitions scheduled to the New Senior Facilities Agreement will be interpreted in accordance with New York law (without prejudice to the fact that the New Senior Facilities Agreement is governed by English law).

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our financing arrangements (including, but not limited to, the Senior Facilities Agreement), Zegona Midco and certain members of the Group are, among others,

party to the Intercreditor Agreement dated as of May 24, 2024 in various capacities with the Company as company, the Company and Zegona Bidco as original debtors and original intra-group lenders and Zegona Midco Limited as original subordinated creditor, topco and original third party security provider (with the Company, Zegona Bidco and Zegona Midco together with any other member of the Group from time to time acceding to the Intercreditor Agreement in the capacity of a Debtor, an Intra-Group Lender and/or a Third Party Security Provider (in each case, as defined in the Intercreditor Agreement) from time to time together being, the "**Zegona Entities**" and each, a "**Zegona Entity**").

In connection with the Issuer's contemplated issuance of the Notes, the Trustee, in its capacity as trustee under the Notes, for itself and on behalf of each of the holders of the Notes from time to time will accede to the Intercreditor Agreement as a Senior Secured Notes Trustee (as defined in the Intercreditor Agreement) and the Issuer will accede to the Intercreditor Agreement as a Debtor and as an Intra-Group Lender and that, therefore, pursuant to the Trustee's and the Issuer's respective accessions to the Intercreditor Agreement, the Notes will be designated by the Issuer as Senior Secured Notes (under, and as defined in, the Intercreditor Agreement) in accordance with the terms of the Intercreditor Agreement.

By accepting a Note, the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement and shall be deemed to have authorized the Trustee to enter into the Intercreditor Agreement on its behalf.

The following description is a summary of certain provisions contained in the Intercreditor Agreement which relate to the rights and obligations of the holders of the Notes. It does not restate (or purport to restate) the Intercreditor Agreement in its entirety. As such, you are strongly encouraged to read the Intercreditor Agreement in its entirety to familiarize yourself with the terms of the Intercreditor Agreement because it, and not the description that follows, defines certain rights that you, as a holder of a Note or the Notes (as the case may be) have thereunder.

Capitalized terms used but not defined herein shall have the meanings given to them in the Intercreditor Agreement unless the context otherwise requires.

Overview

The Intercreditor Agreement is governed by English law and sets out, among other things, sets out various matters governing the relationship of the creditors to our group including the following:

(a) the relative ranking of certain debt of the Company and certain other members of the Group (i.e., the Company in respect of the Senior Facilities Agreement) in respect of the Super Senior Liabilities, the Pari Passu Liabilities, the Hedging Liabilities, the Second Lien Liabilities and the Topco Liabilities (in each case, as defined below);

(b) the relative ranking of certain security interests constituted and granted by certain members of the Group in favour of the Security Agent (for itself and for and on behalf of the other Secured Parties (as defined below) from time to time);

(c) when payments can be made in respect of certain indebtedness of the Group;

(d) when enforcement action (including, but not limited to, acceleration and/or demand for payment and certain similar actions) (each being, an "**Enforcement Action**") can be taken in respect of certain security interests constituted and granted by certain members of the Group in favour of the Security Agent (for itself and for and on behalf of the other Secured Parties from time to time);

(e) provisions relating to the making of any acceleration or demand for payment in respect of the Notes;

(f) the terms pursuant to which certain indebtedness of members of the Group will be subordinated upon the occurrence of certain insolvency events;

(g) the requirement to turnover amounts received from enforcement of (a) certain security interests constituted and granted and (b) guarantees issued by, in each case, certain members of the Group in favour of the Security Agent (for itself and for and on behalf of the other Secured Parties (as defined below) from time to time);

(h) when security and guarantee(s) issued by certain members of the Group will be released to permit an enforcement sale;

(i) the circumstances in which creditors' claims (including the claims of the holders of the Notes against the Issuer) might be required to be transferred to third parties or released to assist in an enforcement scenario; and

(j) the waterfall with respect to the application of proceeds derived from the enforcement of certain security, certain guarantees and other amounts received by the Security Agent that are to be applied in discharging the liabilities owing by certain members of the Group from time to time.

For the purposes of this description only:

"**Creditors**" means the Super Senior Creditors, the Pari Passu Creditors, the Second Lien Creditors and the Topco Creditors (as the case may be).

"**Designation Date**" means the first date after the date of the Intercreditor Agreement that the Company designates any Liabilities as Super Senior Liabilities in accordance with, and subject to the satisfaction of the requirements of, the Intercreditor Agreement.

"**Distress Event**" means (a) an acceleration event in respect of any Super Senior Liabilities, Pari Passu Liabilities, Hedging Liabilities, Second Lien Liabilities or Topco Liabilities (as the case may be) (an "**Acceleration Event**") or (b) the enforcement of any Transaction Security as a result of an Acceleration Event which has occurred and is continuing.

"**Topco Shared** Security" means, at any time, the Security created or expressed to be created over any of the following:

(a) the shares in the Company held by any direct shareholder of the Company;

(b) all receivables owed by the Company to a topco investor, subordinated creditor or other holding company or shareholder of the Company (including any Topco Proceeds Loan Liabilities, as applicable);

(c) any escrow account relating to the proceeds of any Topco Liabilities; and

(d) any other assets, not falling within preceding limbs (a) to (c), of a borrower of Topco Liabilities,

and in each case designated as Topco Shared Security by the Company (in its discretion) by written notice to each Agent who is a party to the Intercreditor Agreement at such time.

"**Transaction Security**" means the Security interests created or expressed to be created under, or pursuant to, the Transaction Security Documents by certain members of the Group or any Third Party Security Provider in favor of the Security Agent as agent or trustee for the Secured Parties or, in the case of any jurisdiction in which effective Security cannot be granted in favor of the Security Agent as agent or trustee for the Secured Parties (or a class of Secured Parties), to all Secured Parties (or a class of Secured Parties) in respect of the applicable Secured Obligations or to the Security Agent under a parallel debt structure and/or under a joint and several creditorship structure for the benefit of all the Secured Parties.

Parties

The Secured Parties

The secured parties (together, the "**Secured Parties**") includes (a) the Security Agent, (b) the registered holders of the Notes, the Trustee and any other person acting as trustee or agent in respect of the Notes from time to time (the "**Senior Secured Notes Creditors**"), (c) the arrangers, lenders or other creditors in respect of any other senior indebtedness (including, but not limited to, the following (i) hedging indebtedness and (ii) cash management indebtedness) that is permitted to share on a pari passu basis with the relevant Transaction Security with the Senior Secured Notes Creditors (the "**Pari Passu Debt**" and the creditors thereof being the "**Pari Passu Creditors**"), (d) any lenders, issuing banks and ancillary lenders in relation to any facility agreement or other document or instrument evidencing the terms of any loan, credit or debt facility or other additional indebtedness (excluding

any securities offering) of any member of the Group which is permitted to rank as super senior and any hedge counterparty under any hedging agreement that is designated by the Company as super senior in accordance with the terms of the Intercreditor Agreement (the creditors thereof being "**Super Senior Creditors**"), (e) the arrangers, lenders, noteholders or other creditors in respect of any second lien indebtedness (the "**Second Lien Debt**" and the creditors thereof being the "**Second Lien Creditors**") and (f) the arrangers, lenders, noteholders or other creditors in respect of any topco indebtedness (the "**Topco Debt**" and the creditors thereof being the "**Topco Creditors**").

There is a single security agent (being, as of the Issue Date, the Security Agent) appointed to act at all times for, and on behalf of, the Secured Parties.

Intra-Group Liabilities

As is customary (a) the Intercreditor Agreement does not purport to rank any of the Intra-Group Liabilities (as defined below) as between themselves and (b) customary subordination provisions are included in the Intercreditor Agreement pursuant to which certain liabilities owed by any member of the Group to any other member of the Group acting as an intra-Group lender from time to time are postponed and subordinated to the liabilities owed by the Debtors and the Third Party Security Providers to the Secured Parties from time to time (the "**Intra-Group Liabilities**").

Subordinated Liabilities

As is customary (a) the Intercreditor Agreement does not purport to rank any of the Subordinated Liabilities (as defined below) as between themselves and (b) customary subordination provisions are included in the Intercreditor Agreement pursuant to which certain liabilities owing to any subordinated creditor under any subordinated document from time to time are postponed and subordinated to the liabilities owed by the Debtors and the Third Party Security Providers to the Secured Parties from time to time (the "**Subordinated Liabilities**").

Ranking and Priority

Priority of Indebtedness

The Intercreditor Agreement provides that the liabilities of the Zegona Entities shall, following the designation of the Notes as Senior Secured Notes (under and as defined in the Intercreditor Agreement) by the Company in accordance with the terms of the Intercreditor Agreement, result in:

(a) (i) the amounts incurred by the Issuer under the Notes owing to the Senior Secured Notes Creditors (the "**Senior Secured Notes Liabilities**"), (ii) any amounts owing under any proceeds loan agreement in connection with the Notes (the "**Senior Secured Notes Proceeds Loan Liabilities**") and (iii) following its accession to the Intercreditor Agreement as a Senior Secured Notes Trustee, certain fees, costs and expenses owing to the Trustee in connection with the Notes (the "**Senior Secured Notes Trustee Amounts**");

(b) the Pari Passu Debt owing to the Pari Passu Creditors (together with the Senior Secured Notes Liabilities, the Senior Secured Notes Proceeds Loan Liabilities and the Senior Secured Notes Trustee Amounts being, the "**Pari Passu Liabilities**");

(c) the amounts, if any, owing to the Super Senior Creditors (the "**Super Senior Liabilities**");

(d) the amounts, if any, owing to the Hedge Counterparties (the "**Hedging Liabilities**");

(e) the Second Lien Debt, if any, owing to the Second Lien Creditors (the "**Second Lien Liabilities**"); and

(f) the Topco Debt, if any, owing to the Topco Creditors (the "**Topco Liabilities**") and any amounts owing under any topco proceeds loan agreement in connection with any Topco Debt (the "**Topco Proceeds Loan Liabilities**"),

such liabilities, respectively, ranking in the following order of priority:

first, the Super Senior Liabilities, the Pari Passu Liabilities, the Hedging Liabilities, the Second Lien Liabilities, the liabilities owed to the Security Agent and any other liabilities owed to any Agent *pari passu* and without any

preference between them; and

second, the Topco Liabilities and the Topco Proceeds Loan Liabilities (including any liabilities owing to any arranger in connection thereto) *pari passu* between themselves and without any preference between them.

As noted above, the Intercreditor Agreement does not (nor does it purport to do so) rank the Intra-Group Liabilities or the Subordinated Liabilities in each case, as between themselves.

Priority of Transaction Security

The Intercreditor Agreement provides that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the following liabilities in the following order (but only, in each case, to the extent that such Transaction Security is expressed to secure those liabilities):

(a) *first*, the Super Senior Liabilities, the Pari Passu Liabilities and the Hedging Liabilities (including any liabilities owing to any agent or arranger in connection therewith), *pari passu* and without any preference between them;

(b) *second*, the Second Lien Liabilities, *pari passu* and without any preference between them; and

(c) *third*, the Topco Liabilities, *pari passu* and without any preference between them (provided that the Company has designated such Transaction Security as "**Topco Shared Security**" in accordance with the Intercreditor Agreement).

The proceeds from the enforcement of Transaction Security are to be applied as described below under the caption "*Transaction Security – application waterfall*".

Intra-Group Liabilities, Subordinated Liabilities and Unsecured Liabilities

The Intercreditor Agreement states that the Intra-Group Liabilities and the Subordinated Liabilities are, in each case, postponed and subordinated to (among others) the liabilities owed by the Zegona Entities to the Secured Parties.

Incurrence of Additional Indebtedness

The Intercreditor Agreement provides, subject to certain conditions, for the implementation of new financing arrangements that will constitute for the purposes of the Intercreditor Agreement, Super Senior Liabilities, Pari Passu Liabilities, Second Lien Liabilities and Topco Liabilities (each, "**Additional Indebtedness**"). The conditions include (among other things) the delivery of a new debt financing designation certificate by the Company and, if it relates to the designation of any liabilities as Super Senior Liabilities, such designation must not be prohibited under any Finance Document.

In connection with, and in order to facilitate, any Additional Indebtedness, each Creditor, Agent and the Security Agent are authorized to enter promptly into any new security document, promptly amend the terms of any existing security document to effect the ranking, priority, guarantees and security of the Additional Indebtedness, execute any amendment to the Intercreditor Agreement, enter into any additional or replacement intercreditor arrangements and such other Debt Documents required by the Company to reflect, enable and/or facilitate any such arrangements and any changes to, the taking of, or the release coupled with the retaking of, any guarantee or Security, in each case to the extent such financing, refinancing, release coupled with the retaking of, replacement and/or sharing in, the Security or other action is not prohibited by the Debt Documents to which they are a party.

Restrictions on Payments

Senior Secured Creditors

The Zegona Entities may make payments in respect of the Super Senior Liabilities, the Pari Passu Liabilities and the Hedging Liabilities (the "**Senior Secured Creditor Liabilities**", the creditors in respect thereof being the "**Senior Secured Creditors**") at any time, provided that following the occurrence of an Enforcement Action with respect to certain acceleration events in connection with any Super Senior Liabilities, any Pari Passu Liabilities or an Insolvency Event (as defined below) (as the case may be), payments may only be made by any Zegona

Entity in accordance with the provisions described below under the section titled "*—Application of Proceeds*" below provided further that after the Designation Date there shall be no obligation to turnover any such payments received, other than those related to an enforcement of Transaction Security or a Distressed Disposal (as defined below) of assets subject to the Transaction Security.

Option to Purchase

Senior Secured Creditors (Prior to the Designation Date)

Prior to the Designation Date, the Senior Secured Notes Creditors (as well as the other Senior Secured Creditors) may (the "**Purchasing Senior Secured Creditors**"), after the occurrence of a Distress Event, by giving not less than 10 days prior written notice to the Security Agent, require the transfer to it of all but not part of the rights, benefits and obligations in respect of any other Pari Passu Liabilities (a "**Pari Passu Liabilities Transfer**") provided that (a) the transfer is lawful and otherwise permitted by the terms of the relevant Finance Documents governing the Pari Passu Liabilities in question and (b) any conditions relating to such transfer contained in the relevant Finance Documents governing the Pari Passu Liabilities in question are complied with other than (i) any requirement to obtain the consent of, or consult with, any Zegona Entity (which is not required) and (ii) if the Purchasing Senior Secured Creditors are to provide cash cover for any letter of credit, the consent of the relevant issuing bank relating to the transfer is obtained.

The Purchasing Senior Secured Creditors may only require a Pari Passu Liabilities Transfer if, at the same time, they require a Hedge Transfer in connection with the relevant Pari Passu Liabilities pursuant to, and in accordance with, the terms of the Intercreditor Agreement and if, for any reason, such Hedge Transfer cannot take place then no Pari Passu Liabilities Transfer may be required to be made. In the event that more than one Purchasing Senior Secured Creditor wishes to purchase the Pari Passu Liabilities in question, then they shall be acquired on a pro rata basis by reference to that Purchasing Senior Secured Creditor's credit participation bears to the total credit participations of all other Purchasing Senior Secured Creditors.

Senior Secured Creditors (Following the Designation Date)

Following the Designation Date, the Purchasing Senior Secured Creditors may, after the occurrence of a Distress Event, by giving not less than 10 days prior written notice to the Security Agent, require the transfer to it of all but not part of the rights, benefits and obligations in respect of any Super Senior Liabilities (a "**Super Senior Liabilities Transfer**") provided that (a) the transfer is lawful and otherwise permitted by the terms of the relevant Finance Documents governing the Super Senior Liabilities in question and (b) any conditions relating to such transfer contained in the relevant Finance Documents governing the Super Senior Liabilities in question are complied with other than (i) any requirement to obtain the consent of, or consult with, any Zegona Entity (which is not required) and (ii) if the Purchasing Senior Secured Creditors are to provide cash cover for any letter of credit, the consent of the relevant issuing bank relating to the transfer is obtained.

The Purchasing Senior Secured Creditors may only require a Super Senior Liabilities Transfer if, at the same time, they require a Super Senior Hedge Transfer in connection with the relevant Super Senior Liabilities pursuant to, and in accordance with, the terms of the Intercreditor Agreement and if, for any reason, such Super Senior Hedge Transfer cannot take place then no Super Senior Liabilities Transfer is permitted to be made. In the event that more than one Purchasing Senior Secured Creditor wishes to purchase the Super Senior Liabilities in question, then they shall be acquired on a pro rata basis by reference to that Purchasing Senior Secured Creditor's credit participation bears to the total credit participations of all other Purchasing Senior Secured Creditors.

Enforcement Action

Permitted Enforcement Action by Second Lien Creditors

Each Second Lien Creditor is permitted to take Enforcement Action in respect of any Second Lien Liabilities if (a) at the same time as, or prior to, that action (i) a Super Senior Acceleration Event (i.e. the acceleration of Super Senior Liabilities has occurred), (ii) a Senior Acceleration Event (i.e. the acceleration of liabilities under the Senior Facilities Agreement) or (iii) a Senior Secured Notes Acceleration Event (i.e. the acceleration of Senior Secured Notes Liabilities has occurred) has occurred in which case the Second Lien Creditors are permitted to take the same Enforcement Action as the other Creditors in respect of the Super Senior Acceleration Event or the Senior Acceleration Event or the Senior Secured Notes Acceleration Event; (b) a creditor representative has given notice (a "**Second Lien Enforcement Notice**") to the Security Agent specifying the event of default in respect of the

Second Lien Liabilities and (A) a period of not less than (i) ninety (90) days in the case of a failure to make a payment of an amount of principal, interest or fees representing the Second Lien Liabilities; or (ii) one hundred and twenty (120) days in the case of an event of default under any financial maintenance covenant in any facility agreement in respect of Second Lien Liabilities substantially equivalent to clause 25.2 (*Financial Covenants*) of the Senior Facilities Agreement; and (iii) one hundred and fifty (150) days in the case of any other event of default in respect of the Second Lien Liabilities and (B) the relevant event of default in respect of the Second Lien Liabilities is continuing at the end of the Second Lien Standstill Period; or (c) the consent of the Majority Senior Secured Creditors and the Majority Super Senior Creditors for that Enforcement Action has been obtained.

Permitted Enforcement Action by Topco Creditors

A Topco Creditor is permitted to take Enforcement Action with respect to any Topco Liabilities if (a) an event of default is continuing under any document in which Topco Liabilities are outstanding (the "**Relevant Topco Default**"), (b) the Senior Agent, the Senior Secured Notes Trustee(s), the Second Lien Agent and the Second Lien Notes Trustee(s) have received notice of the Relevant Topco Default specifying the event or circumstance in relation to the Relevant Topco Default from the relevant Topco Agent, Topco Notes Trustee or Topco Borrower, (c) a Topco Standstill Period (as defined below) has elapsed and (d) the Relevant Topco Default is continuing at the end of the Topco Standstill Period.

"**Topco Standstill Period**" means the period beginning on the date on which (the "**Topco Standstill Start Date**") (among others) the relevant Topco Agent serves a notice (a "**Topco Enforcement Notice**") in writing notifying the Senior Agent, the Senior Secured Notes Trustee(s), the Second Lien Agent and the Second Lien Notes Trustee(s) of the Relevant Topco Default and ends on the earlier of: (a) the date falling one hundred and seventy nine (179) days after the Topco Standstill Start Date, (b) the date the Priority Secured Parties (i.e. the Secured Parties other than the Topco Creditors) take any Enforcement Action in relation to a particular Debtor or Third Party Security Provider provided that: (i) if a Topco Standstill Period ends pursuant to this paragraph, the Topco Finance Parties or a Topco Investor (in respect of the Topco Proceeds Loan Liabilities only) may only take the same Enforcement Action in relation to the Topco Guarantor as the Enforcement Action taken by the Priority Secured Parties (i.e. the Secured Parties other than the Topco Creditors) against such Topco Guarantor and not against any other member of the Group or Third Party Security Provider; and (ii) Enforcement Action for the purpose of this paragraph shall not include action taken to preserve or protect any Security as opposed to realise it; (c) the date of an Insolvency Event in relation to a particular Topco Guarantor against whom Enforcement Action is to be taken; (d) the expiry of any other Topco Standstill Period outstanding at the date such first mentioned Topco Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy); and (e) the first date on which each of the Majority Super Senior Creditors, the Majority Senior Secured Creditors and the Majority Second Lien Creditors (as applicable) have given their consent to the relevant Enforcement Action.

Enforcement of Transaction Security

The Intercreditor Agreement provides that the Security Agent may refrain from enforcing the security unless instructed otherwise by an Instructing Group or the Majority Senior Creditors (as applicable) otherwise as specified in the provisions described below.

An "**Instructing Group**" means, at any time:

(a) if the Designation Date has not occurred:

(i) prior to the Senior Secured Discharge Date, (A) prior to the incurrence of any Senior Secured Notes Liabilities, the Senior Secured Creditors (other than the Super Senior Creditors) whose aggregate senior secured credit participations represent more than 66 2/3% of the aggregate senior secured credit participations of all Senior Secured Creditors and (B) following the incurrence of any Senior Secured Notes Liabilities, the Senior Secured Creditors (other than the Super Senior Creditors) whose aggregate senior secured credit participations represent more than 50% of the aggregate senior secured credit participations of all Senior Secured Creditors (the "**Majority Senior Secured Creditors**");

(ii) on or after the Senior Secured Discharge Date but before the Priority Discharge Date (i.e. the later to occur of (A) the discharge of all Super Senior Liabilities (the "**Super Senior Discharge Date**"), (B) the discharge of all Pari Passu Liabilities (the "**Senior Secured Discharge Date**") and (C) the discharge of all Second Lien Liabilities (the "**Second Lien Discharge Date**") in each case, in accordance with the terms of the Intercreditor Agreement),

the Second Lien Creditors whose aggregate second lien credit participations represent more than 50% of the aggregate second lien credit participations of all Second Lien Creditors (the "**Majority Second Lien Creditors**");

(iii) after the Priority Discharge Date but before the Topco Discharge Date (i.e. the discharge of all Topco Liabilities in accordance with the terms of the Intercreditor Agreement), the Topco Creditors whose aggregate topco credit participations represent more than 50% of the aggregate topco credit participations of all Topco Creditors (the "**Majority Topco Creditors**");

(b) at any time on or after the occurrence of the Designation Date, and:

(i) prior to the later of the Senior Secured Discharge Date and the Super Senior Discharge Date:

(A) the Majority Senior Secured Creditors and the Majority Super Senior Creditors (i.e. the Super Senior Creditors whose aggregate super senior credit participations represent more than 50% of the aggregate super senior credit participations of all Super Senior Creditors);

(B) where it relates to Enforcement Action, the group of Secured Creditors entitled to give instructions in accordance with the terms of the Intercreditor Agreement.

(iv) on or after the later of (A) the Senior Secured Discharge Date and (B) the Super Senior Discharge Date but before the Priority Discharge Date, the Majority Second Lien Creditors; and

(v) on or after the Priority Discharge Date but before the Topco Discharge Date, the Majority Topco Creditors.

Enforcement of Transaction Security prior to the Designation Date

Subject to the Transaction Security having become enforceable in accordance with its terms (i) the Instructing Group or (ii) to the extent permitted to enforce or to require the enforcement of the Transaction Security prior to the Senior Discharge Date in accordance with the customary provisions of the Intercreditor Agreement, the Second Lien Agent, the Second Lien Notes Trustee or the Topco Creditor Representative (as the case may be), may give or refrain from giving, instructions to the Security Agent to enforce, or refrain from enforcing, the Transaction Security, as they see fit.

Prior to the Senior Secured Discharge Date, (i) if an Instructing Group has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security or (ii) in the absence of instructions from the Instructing Group, and, in each case, the Instructing Group has not required any Debtor or Third Party Security Provider to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Second Lien Creditors are then entitled to give to the Security Agent in accordance with the terms of the Intercreditor Agreement.

Prior to the Priority Discharge Date, (i) if an Instructing Group (or the Majority Second Lien Creditors in accordance with the paragraph above) has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security or (ii) in the absence of instructions from the Instructing Group (or the Majority Second Lien Creditors in accordance with the paragraph above), and, in each case, the Instructing Group (or the Majority Second Lien Creditors in accordance with the paragraph above) has not required any Debtor or Third Party Security Provider to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Topco Creditors are then entitled to give to the Security Agent in accordance with the terms of the Intercreditor Agreement.

If any Creditors wish to instruct the Security Agent to commence Enforcement Action, the Agent(s) of such Creditors representing the Instructing Group at such time concerned are required to first consult in good faith with each other Agent of such Creditors representing the Instructing Group (**provided that** a Topco Agent or Topco Notes Trustee (as the case may be) of any Topco Creditor need only be consulted if such Enforcement Action relates to Topco Shared Security) and the Security Agent for a period of up to 10 Business Days (the "**Consultation Period**") and only following the expiry of that Consultation Period, shall the Instructing Group be entitled to give instructions to the Security Agent to enforce Transaction Security or take any other Enforcement Action as instructed by the Instructing Group.

No such consultation shall be required (and an Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of a

Consultation Period) where:

(a) any of the Transaction Security has become enforceable as a result of an Insolvency Event; or

(b) if the Instructing Group or any Agent of the Creditors represented in that Instructing Group determines in good faith (and notifies each Agent and the Security Agent), that to enter into such consultation and delay the commencement of enforcement of the Transaction Security could reasonably be expected to have a material adverse effect on (A) the Security Agent's ability to enforce any of the Transaction Security or (B) the realisation proceeds of any enforcement of Transaction Security.

Manner of Enforcement—prior to the Designation Date

If the Transaction Security is being enforced as set forth above under the caption "*—Enforcement of Transaction Security prior to the Designation Date*" the Security Agent shall enforce the Transaction Security in such manner (including the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) in the following order:

(a) as directed by the Instructing Group;

(b) prior to the Senior Secured Discharge Date, if (i) the Security Agent has received instructions given by the Majority Second Lien Creditors to enforce the Transaction Security as permitted above and (ii) the Instructing Group has not given instructions as to the manner of enforcement of the Transaction Security, as the Majority Second Lien Creditors shall instruct;

(c) prior to the Priority Discharge Date, if (i) the Security Agent has received instructions given by the Majority Topco Creditors to enforce the relevant Topco Shared Security and (ii) neither the Instructing Group nor the Majority Second Lien Creditors have given instructions as to the manner of enforcement of the Topco Shared Security, as the Majority Topco Creditors shall instruct in relation only to the Topco Shared Security; or

(d) in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

Enforcement of Transaction Security on or after the Designation Date

On or after the Designation Date, the Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise in accordance with the provisions described in this paragraph.

If the Transaction Security has become enforceable, if either the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to issue enforcement instructions they shall deliver a copy of those instructions (an "**Initial Enforcement Notice**") to the Security Agent and to the other agents, trustees and hedge counterparties which did not deliver that Initial Enforcement Notice and any such instructions are required to be consistent with the Enforcement Principles (see below).

Subject to the Transaction Security having become enforceable in accordance with its terms the Majority Senior Secured Creditors are permitted to instruct the Security Agent to enforce the Transaction Security **provided that** such instructions are consistent with the Enforcement Principles.

If the Majority Senior Creditors have not determined the method of enforcing the Transaction Security within three months of the date of the Initial Enforcement Notice or the Super Senior Discharge Date has not occurred within six months of the date of the Initial Enforcement Notice, then the Security Agent is required to act in accordance with the instructions given to it by the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred. If an Insolvency Event (other than one caused as a result of taking Enforcement Action or at the request or direction of a Super Senior Creditor) is continuing, then the Security Agent will, if required by the Majority Super Senior Creditors pursuant to providing enforcement instructions, act in accordance with those enforcement instructions until the Super Senior Discharge Date has occurred.

If the Majority Senior Secured Creditors have not made a determination as to how they wish to enforce the Transaction Security and/or instruct the Security Agent with respect to any enforcement action and the Majority Super Senior Creditors (a) determine in good faith (and notify the other agents, trustees and hedge counterparties and the Security Agent) that a delay in issuing enforcement instructions could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Transaction Security or on the

expected realisation proceeds of any enforcement of the Transaction Security; and (b) deliver enforcement instructions which they reasonably believe to be consistent with the Enforcement Principles and necessary or advisable to enhance the prospects of achieving the Enforcement Objective before the Security Agent has received any enforcement instructions from the Majority Senior Secured Creditors, then the Security Agent will act in accordance with those enforcement instructions from the Majority Super Senior Creditors until the Super Senior Discharge Date has occurred.

Moreover, prior to the later of (a) the Senior Secured Discharge Date and (b) the Super Senior Discharge Date, if both the Majority Senior Secured Creditors and the Majority Super Senior Creditors have instructed the Security Agent not to enforce or to cease enforcing the Transaction Security or in the absence of instructions from either the Majority Super Senior Creditors or the Majority Senior Secured Creditors that are permitted to give enforcement instructions at the relevant time as noted above (the "**STLDD Instructing Group**") and, in each case, neither STLDD Instructing Group has required any Debtor or Third Party Security Provider to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Second Lien Creditors are then entitled to give to the Security Agent in accordance with the terms of the Intercreditor Agreement.

Finally, if prior to the Priority Discharge Date, both the Majority Senior Secured Creditors and the Majority Super Senior Creditors (or, if permitted, the Majority Second Lien Creditors as a result of the above) have instructed the Security Agent not to enforce or to cease enforcing the Transaction Security or in the absence of instructions from either STLDD Instructing Group and, in each case, neither STLDD Instructing Group has required any Debtor or Third Party Security Provider to make a distressed disposal, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Majority Topco Creditors are then entitled to give to the Security Agent in accordance with the terms of the Intercreditor Agreement.

Enforcement Principles of Transaction Security

The Intercreditor Agreement provides that enforcement of the Transaction Security must be conducted in accordance with the "**Enforcement Principles**", which principles include the following:

(a) It shall be the primary and over-riding aim of any enforcement of the Transaction Security to achieve the "**Enforcement Objective**" (being, maximizing, to the extent consistent with a prompt and expeditious realisation of value, the value realised from enforcement of Transaction Security);

(b) Without prejudice to the Enforcement Objective, the Transaction Security will be enforced such that either:

(A) to the extent the STLDD Instructing Group are the Majority Super Senior Creditors at the time of enforcement, all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the application waterfall described below under the caption "*Transaction Security – application waterfall*"; or

(B) to the extent the STLDD Instructing Group are the Majority Senior Secured Creditors or Enforcement Action is taken by either the Majority Second Lien Creditors or, as the case may be, the Majority Topco Creditors at the time of enforcement, all proceeds of enforcement are received by the Security Agent in cash for distribution in accordance with the application waterfall described below under the caption "*Transaction Security – application waterfall*"; or sufficient proceeds from enforcement will be received by the Security Agent in cash to ensure that, when the proceeds are applied in accordance with the application waterfall described below under the caption "*Transaction Security – application waterfall*", the Super Senior Discharge Date will occur (unless the Majority Super Senior Creditors agree otherwise);

(c) On:

(A) a proposed enforcement of any of the Transaction Security over assets other than shares in a member of the Group, where the aggregate book value of such assets exceeds €5.0 million (or its equivalent in any other currency or currencies); or

(B) a proposed enforcement of any of the Transaction Security over some or all of the shares in a member of the Group over which Transaction Security exists,

the Security Agent shall (unless such enforcement is made pursuant to (x) a public auction or other competitive

sale process conducted with the advice of a Financial Adviser as selected by the Security Agent in respect of which the Secured Creditors are entitled to participate and in which more than one bidder participates or is invited to participate which may or may not be conducted through court or other legal proceedings and conducted with the advice of a reputable independent internationally recognized investment bank or firm of accountants or (if all such banks or firms of accountants are subject to conflicting and client or potential client issues and are unable to act in relation to the relevant matter) a reputable, independent and internationally recognised third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those charged under the Transaction Security to be enforced (a "**Third Party Advisor**") (a "**Competitive Sales Process**"), or (y) a process supervised by a court of law which makes a determination as to value), obtain an opinion of a Third Party Advisor to opine (a "**Fairness Opinion**") as expert that the proceeds received from any such enforcement is fair from a financial point of view after taking into account all relevant circumstances.

(d) The Security Agent shall be under no obligation to appoint a Third Party Advisor or to seek the advice of a Third Party Advisor, unless expressly required to do so by the Intercreditor Agreement.

The Fairness Opinion (or any equivalent opinion obtained by the Security Agent in relation to any other enforcement of the Transaction Security that such action is fair from a financial point of view after taking into account all relevant circumstances) will be conclusive evidence that the Enforcement Principles have been met.

Manner of Enforcement on or after the Designation Date

If the Transaction Security is being enforced as set forth above under the caption "*—Enforcement of Transaction Security on or after the Designation Date*" the Security Agent shall enforce the Transaction Security in such manner (including the selection of any administrator of any Debtor or Third Party Security Provider to be appointed by the Security Agent) in the following order:

(a) as directed by the Instructing Group;

(b) prior to the later of (A) the Super Senior Discharge Date and (B) the Senior Secured Discharge Date, if (i) the Security Agent has received instructions given by the Majority Second Lien Creditors to enforce the Transaction Security as permitted above and (ii) neither STLDD Instructing Group have given instructions as to the manner of enforcement of the Transaction Security, as the Majority Second Lien Creditors shall instruct;

(c) prior to the Priority Discharge Date, if (i) the Security Agent has received instructions given by the Majority Topco Creditors to enforce the relevant Topco Shared Security and (ii) neither the Instructing Group nor the Majority Second Lien Creditors have given instructions as to the manner of enforcement of the Topco Shared Security, as the Majority Topco Creditors shall instruct in relation only to the Topco Shared Security; or

(d) in the absence of any such instructions, as the Security Agent sees fit (which may include taking no action).

Turnover

Subject to certain exceptions, the Intercreditor Agreement provides that if at any time prior to the latest to occur of the Super Senior Discharge Date, the Senior Secured Discharge Date, the Second Lien Discharge Date and the Topco Discharge Date (the "**Final Discharge Date**") any Creditor (other than a Senior Secured Creditor on or after the Designation Date) receives or recovers from any Debtor, any member of the Group or any Third Party Security Provider:

(a) any payment or distribution of, or on account of or in relation to, any of the liabilities owed to the creditors under the Debt Documents other than any payment or distribution which is either (x) not prohibited by the terms of the Intercreditor Agreement (i.e. a permitted payment) or (y) made in accordance with the provisions set out below under "*Transaction Security – application waterfall*";

(b) any amount by way of set-off which does not give effect to a payment permitted under the Intercreditor Agreement;

(c) any amount: (A) on account of, or in relation to, any of the liabilities owed to the creditors under the Debt Documents (I) after the occurrence of a Distress Event, or (II) as a result of any other litigation or proceedings against a Debtor, a member of the Group or any Third Party Security Provider (other than after the occurrence of an Insolvency Event); or (B) by way of set-off in respect of any of the liabilities owed to it after the occurrence of

a Distress Event;

(d) the proceeds of any enforcement of any of the Transaction Security except in accordance with the provisions set out below under "*Transaction Security – application waterfall*"; or

(e) any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by any Debtor, any member of the Group or any Third Party Security Provider which is not in accordance with the provisions set out below under "*Transaction Security – application waterfall*" and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Debtor, that member of the Group or that Third Party Security Provider,

then, in each such case, that Creditor will: (X) in relation to receipts and recoveries not received or recovered by way of set-off (i) hold an amount of that receipt or recovery equal to the relevant liabilities (or if less, the amount received or recovered) on trust for (or otherwise on behalf and for the account of) the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (ii) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the relevant liabilities to the Security Agent for application in accordance with the terms of the Intercreditor Agreement and (Y) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

A turnover mechanism on substantially the same terms applies in the event that, at any time on or after the Designation Date but prior to the Final Discharge Date, any Senior Secured Creditor receives or recovers from any Debtor, any member of the Group or any Third Party Security Provider any proceeds from any enforcement of any Transaction Security except in accordance with the provisions set out below under "*Transaction Security – application waterfall*".

Transaction Security – application waterfall

Subject to certain provisions set out in the Intercreditor Agreement and to the proviso described below, all amounts from time to time received or recovered by the Security Agent or by the Secured Parties (acting through the Security Agent) pursuant to the terms of any Debt Document or in connection with the realization or enforcement of all or any part of the Transaction Security shall be applied at any time as the Security Agent sees fit, in the following order of priority:

(a) *first*, in discharging any sums owing to a Senior Creditor Representative (in respect of the Senior Agent Liabilities or Super Senior Agent Liabilities), the Security Agent, any Receiver or any Delegate, any Second Lien Creditor Representative (in respect of the Second Lien Agent Liabilities) and any Topco Creditor Representative (in respect of the Topco Agent Liabilities) on a *pari passu* basis;

(b) *second*, in payment of all costs and expenses incurred by any Agent or Secured Creditor in connection with any realization or enforcement of the Transaction Security taken in accordance with the terms of the Intercreditor Agreement or any action taken at the request of the Security Agent;

(c) *third*, if the Designation Date has occurred, in payment to: (i) each Super Senior Agent on its own behalf and on behalf of the relevant Super Senior Arrangers and the relevant Super Senior Lenders; and (ii) the Super Senior Hedge Counterparties, for application towards the discharge of: (A) the Super Senior Arranger Liabilities and the Super Senior Lender Liabilities (in accordance with the terms of the Super Senior Finance Documents); and (B) the Super Senior Hedging Liabilities (on a *pro rata* basis between the Super Senior Hedging Liabilities of each Super Senior Hedge Counterparty), on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above; and/or if on or after the Super Senior Discharge Date has occurred, then in payment to: (i) each Senior Agent on its own behalf and on behalf of the relevant Senior Arrangers and the relevant Senior Lenders and the relevant Cash Management Facility Lenders; (ii) each Senior Secured Notes Trustee on its own behalf and on behalf of the relevant Senior Secured Notes Creditors; (iii) each Cash Management Facility Lender (to the extent no Cash Management Facility Agent is appointed in respect of the relevant Cash Management Facility Commitments); and (iv) the Pari Passu Hedge Counterparties, for application towards the discharge of: (A) the Senior Arranger Liabilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents); (B) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents); (C) the Cash Management Facility Liabilities (in accordance with the terms of the Cash Management Facility Documents); and (D) the Pari Passu Hedging Liabilities (on a *pro rata* basis between the

Pari Passu Hedging Liabilities of each Pari Passu Hedge Counterparty), on a *pro rata* basis between paragraphs (A), (B), (C) and (D) above;

(d) *fourth*, if the Designation Date has not occurred, in payment to: (i) each Senior Agent on its own behalf and on behalf of the relevant Senior Arrangers and the relevant Senior Lenders and Cash Management Facility Lenders; (ii) each Senior Secured Notes Trustee on its own behalf and on behalf of the Senior Secured Notes Creditors; (iii) each Cash Management Facility Lender (to the extent no Cash Management Facility Agent is appointed in respect of the relevant Cash Management Facility Commitments); and (iv) the Hedge Counterparties, for application towards the discharge of: (A) the Senior Arranger Liabilities and the Senior Lender Liabilities (in accordance with the terms of the Senior Finance Documents); (B) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Finance Documents); (C) the Cash Management Facility Liabilities (in accordance with the terms of the Cash Management Facility Documents); and (D) the Hedging Liabilities (on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty), on a *pro rata* basis and ranking *pari passu* between paragraphs (A), (B), (C) and (D) above;

(e) *fifth*, in payment to: (i) each Second Lien Agent on its own behalf and on behalf of the Second Lien Arrangers and the Second Lien Lenders; and (ii) each Second Lien Notes Trustee on its own behalf and on behalf of the Second Lien Notes Creditors, for application towards the discharge of: (A) the Second Lien Arranger Liabilities and the Second Lien Lender Liabilities (in accordance with the terms of the Second Lien Finance Documents); and (B) the Second Lien Notes Liabilities (in accordance with the terms of the Second Lien Notes Finance Documents), on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above;

(f) *sixth*, subject to the terms of the Intercreditor Agreement, in payment to: (A) each Topco Agent on its own behalf and on behalf of the Topco Arrangers and the Topco Lenders; and (B) each Topco Notes Trustee on its own behalf and on behalf of the Topco Notes Finance Parties, for application towards the discharge of: (1) the Topco Arranger Liabilities and the Topco Facility Liabilities (in accordance with the terms of the Topco Facility Finance Documents); and (2) the Topco Notes Liabilities (in accordance with the terms of the Topco Notes Finance Documents), on a *pro rata* basis and ranking *pari passu* between paragraphs (1) and (2) above;

(g) *seventh*, if none of the Debtors, or as the case may be, Third Party Security Providers are under any further actual or contingent liability under any Secured Debt Document, in payment to any other person to whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(h) *eighth*, the balance, if any, in payment to the relevant Debtor,

provided that all amounts from time to time received or recovered by the Security Agent from or in respect of a Topco Borrower pursuant to the terms of any Debt Document (other than in connection with the realisation or enforcement of all or any part of the Transaction Security or Topco Independent Transaction Security) shall be held by the Security Agent on trust (or in case of non-recognition of trust in a relevant jurisdiction, as agent on behalf of the Secured Parties) to apply them at any time as the Security Agent (in its discretion) sees fits, to the extent permitted by applicable law (and subject to the provisions of the Intercreditor Agreement), in the following order of priority:

(i) in accordance with paragraph (a) above;

(ii) in accordance with paragraph (b) above;

(iii) in accordance with paragraphs (c) (or as the case may be, (d)), (e) and (f) above (in each case, only to the extent there are Liabilities due from the relevant Topco Borrower to such Creditors), **provided that** payments will be made on a *pro rata* and *pari passu* basis across all Liabilities subject to such paragraphs;

(iv) if none of the Debtors are under any further actual or contingent liability under any Secured Debt Document, in payment to any person to whom the Security Agent is obliged to pay in priority to any Debtor or Third Party Security Provider; and

(v) the balance, if any, in payment to the relevant Debtor.

Equalization

The Intercreditor Agreement provides that if, for any reason, (assuming that the Enforcement Date occurs on or

after the Designation Date) any Super Senior Liabilities or Senior Secured Liabilities, (assuming that the Enforcement Date occurs prior to the Designation Date) (as appropriate) remain unpaid after the first date on which certain types of Enforcement Actions are taken (the "**Enforcement Date**") and the resulting losses are not borne by the creditors in any given specified class in the proportions which their respective exposures at the Enforcement Date bore to the aggregate exposures of all the creditors in that specified class of creditors at the Enforcement Date, the relevant class of creditors will make such payments amongst themselves as the Security Agent shall require to put the relevant creditors in such a position that (after taking into account such payments) those losses are borne in those proportions.

Disposals

Non-Distressed Disposals

The Security Agent (on behalf of itself and the other Secured Parties) and each other person party to a Transaction Security Document agrees that it shall (and is irrevocably authorized, instructed and obliged to do so without further consent, agreement, instruction, direction, confirmation, payment, certification or other document, request or information from any creditor, other Creditor, Secured Party or Debtor) promptly following receipt of a written request from the Company to the Security Agent:

(a) release (or procure the release) from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents:

(i) any security (and/or other claim relating to a Debt Document) over any asset which the Company has confirmed is the subject of:

(A) a disposal not prohibited under the Finance Documents or where any applicable release and/or consent has been obtained under the applicable Finance Document including a disposal to a member of the Group but without prejudice to any obligation of any member of the Group in a Finance Document to provide replacement security; or

(B) any other transaction not prohibited by the Finance Documents or where any applicable release and/or consent has been obtained under the applicable Finance Document pursuant to which that asset will cease to be held or owned by a member of the Group; and

in each case where such disposal is not a Distressed Disposal (as defined below) (in each case, a "**Non-Distressed Disposal**");

(ii) any security (and/or any other claim relating to a Debt Document) over any document or other agreement requested in order for any member of the Group to the extent that the Company has confirmed that such action is not prohibited by any Finance Document to effect any amendment or waiver or otherwise exercise any rights, comply with any obligations or take any action in relation to such document or agreement (in each case, to the extent the Company has confirmed in accordance with the terms of the Intercreditor Agreement that it is not prohibited by the terms of any Finance Document);

(iii) any security (and/or any other claim relating to a Debt Document) over any asset of any member of the Group which has ceased or will cease to be a Debtor or guarantor simultaneously with such release to the extent that the Company has confirmed in accordance with the terms of the Intercreditor Agreement that such cessation is otherwise in accordance with the terms of each Finance Document or the Agreed Security Principles (as defined in the Senior Facilities Agreement); and

(iv) any security (and/or any other claim relating to a Debt Document) over any other asset to the extent that the Company has confirmed in accordance with the terms of the Intercreditor Agreement that such security is not required to be given, or such release is otherwise, in accordance with the terms of each Finance Document or the Agreed Security Principles (as defined in the Senior Facilities Agreement);

(b) in the case of a disposal of share or ownership interests in a Debtor, other member of the Group or any holding company of any Debtor or any other transaction pursuant to which a Debtor, other member of the Group or any holding company of any Debtor will cease to be a member of the Topco Group or a Debtor, release or procure the release of that Debtor or other member of the Group and its subsidiaries from all present and future liabilities under the Secured Debt Documents and the respective assets of such Debtor and its subsidiaries from the Transaction Security or Topco Independent Transaction Security and the Secured Debt Documents (including any claim relating to a Debt Document); and

(c) effect a Debt Transfer (as defined below).

When making any request for a release pursuant to paragraphs (a)(i), (a)(ii) and (b) above, the Company shall confirm in writing to the Security Agent, that the relevant disposal or other action is not prohibited as at the date of completion of such release or, at the option of the Company, on the date that the definitive agreement for such disposal or similar transaction is entered into.

When making any request for a release pursuant to paragraph (a)(iii) or (a)(iv) above, the Company shall confirm in writing to the Security Agent, that such security is not required to be given or the relevant release or cessation is otherwise in accordance with the terms of the Finance Documents or the Agreed Security Principles (as defined in the Senior Facilities Agreement).

In the case of a disposal of shares or other ownership interests in a Debtor or other member of the Group (or holding company of any Debtor), or any other transaction pursuant to which a Debtor or other member of the Group or holding company of any Debtor will cease to be a member of Topco Group or a Debtor, to the extent the Company has confirmed to the Security Agent that such disposal or other transaction or designation is not prohibited by the Finance Documents, if such member of the Topco Group or a Debtor is a borrower, issuer or primary debtor under any Debt Document, such person shall have the right to voluntarily prepay any or all liabilities outstanding under any Debt Document to the applicable creditors concurrently with ceasing to be a member of the Topco Group or Debtor; and any right to decline, delay or prevent any prepayment in any Debt Document shall be disapplied to the extent that if exercised such right would prevent the repayment of all such liabilities in full by such person (but without prejudice to any prepayment fees, make-whole payment, break costs or other payment required by the relevant Finance Documents).

The Company may at any time require that all of the rights and obligations of any borrower of Super Senior Liabilities, Senior Lender Liabilities, Cash Management Facility Liabilities or Second Lien Lender Liabilities (each, a "**Borrower**") under the applicable Secured Debt Documents be novated or otherwise transferred by that Borrower (a "**Debt Transfer**") provided that (a) either (i) such Debt Transfer is to another member of the Group; (ii) such Debt Transfer is by a Borrower where (A) that Borrower or any holding company of that Borrower is being disposed of in accordance with the Finance Documents, and (B) the proceeds of such disposal are not otherwise required to be applied unconditionally in prepayment of that Borrower's liabilities under the applicable Finance Documents; or (iii) such Debt Transfer is undertaken in connection with an IPO Event (as defined in the Intercreditor Agreement), and (b) the transferee in respect of such Debt Transfer is another borrower under the Super Senior Liabilities, Senior Lender Liabilities, Cash Management Facility Liabilities or Second Lien lender Liabilities (as applicable). Any Debt Transfer may (and shall upon the request of the Company) be effected on a cashless basis, by way of book entries and not as physical cash movement to repay and reborrow any applicable Super Senior Liabilities, Senior Lender Liabilities, Cash Management Facility Liabilities or Second Lien lender Liabilities (as applicable).

Distressed Disposals

Where a Distressed Disposal of an asset is being effected, the Intercreditor Agreement provides (among other things) that the Security Agent is irrevocably authorized:

(a) to release the Transaction Security, or any other claim over the relevant asset and execute and deliver or enter into any release of that Transaction Security or claim and issue any letter of non-crystallization of any floating charge or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (x) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing and guarantee liabilities to any Creditor (together, the "**Primary Liabilities**") or other liabilities (other than borrowing or guarantee liabilities) it may have to (among others) Debtors (together, the "**Other Liabilities**"), (y) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets, and (z) any other claim of an Intra-Group Lender, a Topco Investor, a Subordinated Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release: (x) that holding company and any subsidiary of that holding company from all or any part of its Primary Liabilities and Other Liabilities, (y) any Transaction Security granted by that holding company and any subsidiary

of that holding company over any of its assets, and (z) any other claim of an Intra-Group Lender, a Topco Investor, a Subordinated Creditor or another Debtor over the assets of that holding company and any subsidiary of that holding company; and

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or a holding company of a Debtor, to provide for (1) the transfer of liabilities to another Debtor and/or (2) at the discretion of the Security Agent the disposal, to third parties, of creditor's claims against that Debtor or holding company and any subsidiary of that Debtor or holding company (which may include claims against the Issuer).

If a Distressed Disposal is being effected by or at the request of the Security Agent, unless the consent of each Senior Agent and each Senior Notes Trustee has been obtained, it is a further condition to the release, transfer or disposal that:

(a) the consideration for such sale or disposal is in cash (or substantially all in cash); and

(b) such sale or disposal (including any sale or disposal of any claim) is made:

(i) pursuant to a Competitive Sales Process; or

(ii) where a Financial Adviser (i.e. a reputable, independent and internationally recognised investment bank or firm of accountants or (if all such banks or firms of accountants are subject to conflicting and client or potential client issues and are unable to act in relation to the relevant matter), a reputable, independent and internationally recognised third party professional firm which is regularly engaged in providing valuations of businesses or assets similar or comparable to those subject to the relevant Transaction Security; and in each case not being a firm appointed or selected as auditors or as administrator or other relevant officer of a Zegona Entity) selected by the Security Agent has delivered an opinion (including an enterprise valuation of the Group which can be relied upon by the Security Agent and disclosed to the Senior Secured Creditors, the Second Lien Creditors and the Topco Creditors on a non-reliance basis) that the proceeds received or recovered in connection with such sale or disposal are fair from a financial point of view taking into account all relevant circumstances including the method of enforcement (it being acknowledged that the Security Agent shall have no obligation to select or engage any Financial Adviser unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction).

Required Consents

The Intercreditor Agreement provides that, subject to certain exceptions, its terms may be amended or waived only with the consent of the Company, the Agents and the Security Agent **provided that** to the extent an amendment, waiver or consent only affects one class of Creditors, and such amendment, waiver or consent could not reasonably be expected to materially or adversely affect the interests of the other classes of Creditors, only written agreement from the Agent for that affected class (if applicable, acting on the instructions of the requisite class of creditors under the relevant debt document) shall be required.

An amendment or waiver of the Intercreditor Agreement that has the effect of changing or which relates to, among other matters, the provisions set out under "*Transaction Security*" above and the order of priority or subordination under the Intercreditor Agreement shall not be made without the consent of (a) each Agent acting in accordance with the applicable finance documents, (b) each Cash Management Facility Lender but only to the extent that such amendment or waiver would (i) materially adversely affect the rights and obligations of the Cash Management Facility Lenders under the Intercreditor Agreement in their capacity as such, and (ii) would not materially adversely affect the rights and obligations of any Creditor or class of Creditors other than the Cash Management Facility Lenders (solely in their capacity as such), (c) each Hedge Counterparty but only to the extent that such amendment or waiver would (i) materially adversely affect the rights and obligations of the Hedge Counterparties under the Intercreditor Agreement in their capacity as such, and (ii) would not materially adversely affect the rights and obligations of any Creditor or class of Creditors other than the Hedge Counterparties (solely in their capacity as such) and (d) the Company.

Each Agent shall, to the extent instructed to consent by the requisite percentage of creditors it represents or as otherwise authorized by the Debt Documents to which it is a party, act on such instructions or authorizations in accordance therewith save to the extent any amendments so consented or authorized to related to any provisions affecting the personal rights and obligations of that Agent in its capacity as such.

Required Consents — Transaction Security Documents

Subject to certain exceptions under the Intercreditor Agreement (as described below), the Security Agent may, if the Company consents, amend the terms of, release or waive any of the requirements of or grant consents under, any document creating Transaction Security which shall be binding on each party and any amendments to any Spanish document creating Transaction Security shall be formalized in a Spanish Public Document.

In addition, the Security Agent may, if the Company consents, amend, release and/or retake any Transaction Security Document where such amendment, release and/or retake is required in order to ensure the validity, perfection or priority of the Transaction Security purported to be created under such Transaction Security Document, together with any related or consequential waiver (including by reason of a failure to register such Transaction Security Document with Companies House within the prescribed time limit set out in section 859 of the Companies Act 2006, in which case the Security Agent shall also irrevocably waive any payment or other obligation or default arising out of such failure to register) and any such amendment, release, waiver and retake shall be binding on each party.

Any amendment, release or waiver of, or consent under, any Transaction Security Document which would (among other things) adversely affect the nature or scope of the assets subject to Transaction Security or the manner in which the proceeds of enforcement of the Transaction Security are distributed, shall not be made without the consent of: (a) each of the Agents (other than any Cash Management Facility Agent, if appointed) acting in accordance with the provisions of the applicable Finance Documents, (b) each Cash Management Facility Lender (or the relevant Cash Management Facility Agent on its behalf, if appointed) but only to the extent that such amendment or waiver would (i) materially adversely affect the rights and obligations of the Cash Management Facility Lenders under the Intercreditor Agreement in their capacity as such and (ii) would not materially adversely affect the rights and obligations of any Creditor or class of Creditors other than the Cash Management Facility Lenders (solely in their capacity as such), (c) each Hedge Counterparty but only to the extent that such amendment or waiver would (i) materially adversely affect the rights and obligations of the Hedge Counterparties under the Intercreditor Agreement in their capacity as such, and (ii) would not materially adversely affect the rights and obligations of any Creditor or class of Creditors other than the Hedge Counterparties (solely in their capacity as such) and (d) the Company.

Required Consents — Exceptions

Under the Intercreditor Agreement (a) any release of Transaction Security or Topco Independent Transaction Security, claim or liabilities, or (ii) to any amendment wavier or consent, which, in each case, the Security Agent gives in accordance with the provisions of the Intercreditor Agreement relating to the incurrence of additional or refinancing debt or the provisions set out under "**Non-Distressed Disposals**" and "**Distressed Disposals**" above or as contemplated by the terms of any Debt Document or is consequential to or required to implement a permitted structural adjustment and each party agrees that any such release, amendment, waiver or consent can be effected solely by the Company and the Security Agent acting in accordance with the relevant provisions of Intercreditor Agreement.

Agreement to override

The other Debt Documents (including the Transaction Security Documents and the Indenture) are subject to the terms of the Intercreditor Agreement. As such, unless expressly stated otherwise in the Intercreditor Agreement, in the event of a conflict between the terms of a Debt Document (including the Transaction Security Documents and the Indenture) and the Intercreditor Agreement the terms of this Intercreditor Agreement shall prevail.

Governing law

The Intercreditor Agreement and any non-contractual obligations arising out of, or in connection with, the Intercreditor Agreement are governed by English law.

DESCRIPTION OF THE NOTES

The following is a description of the €1,300,000,000 aggregate principal amount of 6.750% Senior Secured Notes due 2029 (the **"Euro Notes**") and $900,000,000 aggregate principal amount of 8.625% Senior Secured Notes due 2029 (the "**Dollar Notes**", and, together with the Euro Notes, the "**Notes**"). The Notes will be issued by Zegona Finance plc, a public limited liability company incorporated under the laws of England and Wales (the "**Issuer**") and a direct wholly owned subsidiary of Zegona Holdco Limited, a private limited liability company incorporated under the laws of England and Wales (the "**Company**"). The Company is an indirect wholly owned subsidiary of Zegona Communications plc, a public limited company incorporated under the laws of England and Wales (the "**Parent**"). For purposes of this "**Description of the Notes**," the "Issuer" refers to Zegona Finance plc and not to any of its subsidiaries or to its parent companies, and the "Company" refers to Zegona Holdco Limited and not to any of its subsidiaries or to its parent companies. The Parent will not guarantee the Notes and will not be a party to the Indenture.

The Issuer will issue the Notes under an indenture (the "**Indenture**") to be dated as of the Issue Date among, *inter alios*, the Issuer, the Company, Zegona Bidco, S.L.U. ("**Zegona Bidco**"), Zegona Finance LLC and GLAS Trust Company LLC as trustee (the "**Trustee**"), paying agent, transfer agent and registrar and ING Bank N.V., London Branch as security agent (in such capacity, the "**Security Agent**"). The Notes will be issued in private transactions that are not subject to the registration requirements of the Securities Act. See "**Transfer Restrictions**." The terms of the Notes include those stated in the Indenture. The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Indenture will not be qualified under, incorporate provisions by reference to, or otherwise be subject to, the Trust Indenture Act. The Notes are subject to all the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The gross proceeds of the Notes will be used by the Issuer to provide one or more proceeds loans to the Company on the Issue Date (the "**Proceeds Loan**") and the Company will use the proceeds therefrom, together with borrowings under the New Senior Facilities Agreement and cash on balance sheet to (a) repay amounts outstanding under the Bridge Facility and (b) pay costs, fees and expenses incurred in connection with this offering of the Notes. On the Completion Date, the Bridge Facility was used by the Company, together with the equity contribution made by the Parent and the Term Loan A to (i) make an equity contribution to Zegona Bidco to fund a portion of the purchase price for Vodafone Holdings Europe S.L.U. ("**Vodafone Spain**" and, together with its subsidiaries as of the closing date of the Acquisition, the "**Vodafone Spain Group**") and to pay costs, fees and expenses incurred in connection with the Transactions (as defined herein) and (ii) provide the Vodafone Intercompany Refinancing Loan to Vodafone Spain to repay in full and cancel any commitments under certain existing indebtedness of Vodafone Spain to the Vodafone Group.

The following is a summary of the material provisions of the Indenture and refers to the Intercreditor Agreement and the Security Documents (as defined below). The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the Indenture, the Security Documents and the Intercreditor Agreement, respectively. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture, the Security Documents and the Intercreditor Agreement in their entirety. You can find the definitions of certain terms used in this description under "*Certain Definitions*."

Brief Description of the Notes and the Notes Guarantees

The Notes

The Notes will:

- be senior secured obligations of the Issuer, secured as set forth under "**Security**";
- rank *pari passu* in right of payment with all of the Issuer's existing and future obligations that are not subordinated in right of payment to the Notes, including under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging agreements;
- rank senior in right of payment to all of the Issuer's existing and future obligations that are expressly subordinated in right of payment to the Notes;
- rank senior to all of the existing and future obligations of the Issuer that are not secured by the Collateral, to the extent of the value of such Collateral;
- be effectively subordinated to any existing and future obligations of the Issuer that are secured by property or assets that do not constitute Collateral, to the extent of the value of the property or assets securing such

obligations;

- be structurally subordinated to any existing and future obligations of subsidiaries of the Company that do not guarantee the Notes (other than the Issuer); and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (as defined below). See "*Book-Entry, Delivery and Form*."

Under the terms of the Intercreditor Agreement, the Holders of the Notes will receive proceeds from the enforcement of the Collateral on a *pari passu* basis with all indebtedness that is not subordinated in right of payment to the Notes, including borrowings under the Senior Facilities Agreement and the New Senior Facilities Agreement. See "*Description of Certain Financing Arrangements—Intercreditor Agreement.*"

The Notes Guarantees

Once granted (as described under "*The Notes Guarantees*" below), each Notes Guarantee of each of the Guarantors will:

- be a senior secured obligation of that Guarantor, secured as set forth under "*Security*";
- rank *pari passu* in right of payment with all of that Guarantor's existing and future obligations that are not subordinated in right of payment to its Notes Guarantee, including obligations in respect of the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging obligations;
- rank senior in right of payment to all of that Guarantor's existing or future obligations that are subordinated in right of payment to its Notes Guarantee;
- rank senior to all of the existing and future obligations of the Guarantor that are not secured by the Collateral owned by such Guarantor, to the extent of the value of such Collateral;
- be effectively subordinated to any existing and future obligations of that Guarantor that is secured by property or assets owned by such Guarantor that do not constitute Collateral, to the extent of the value of the property and assets securing such obligations; and
- be structurally subordinated to any existing and future obligations of that Guarantor's subsidiaries that do not guarantee the Notes (other than the Issuer).

See "*The Notes Guarantees*."

Principal and Maturity

The Issuer will issue €1,300 million in aggregate principal amount of Euro Notes and $900 million in aggregate principal amount of Dollar Notes on the Issue Date. The Euro Notes will mature on July 15, 2029 and the Dollar Notes will mature on July 15, 2029. The final redemption amount of the Notes at maturity will be 100% of the original aggregate principal amount, assuming the Issuer does not redeem any Notes prior to the maturity date. The Euro Notes will be issued in global form in denominations of €100,000 and integral multiples of €1,000 in excess thereof and the Dollar Notes will be issued in global form in denominations of $200,000 and integral multiples of $1,000 in excess thereof.

If the due date for any payment in respect of any Notes is not a Business Day or a business day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day (or business day at such place, as the case may be), and will not be entitled to any further interest or other payment as a result of any such delay.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream (in the case of the Euro Notes) and DTC (in the case of the Dollar Notes).

Interest on the Notes

Interest on the Euro Notes will accrue at the rate of 6.750% per annum and will be payable, in cash, semi-annually in arrear on January 15 and July 15 of each year, commencing on January 15, 2025. Interest on the Euro Notes will be payable to the holder of record of such Euro Notes on the Business Day immediately preceding the related interest payment date.

Interest on the Dollar Notes will accrue at the rate of 8.625% per annum and will be payable, in cash, semi-annually in arrear on January 15 and July 15 of each year, commencing on January 15, 2025. Interest on the Dollar Notes will be payable to the holder of record of such Dollar Notes on the Business Day immediately preceding the related interest payment date.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months on the aggregate principal amount outstanding. Each interest period shall end on (but not include) the relevant interest payment date.

Additional Notes

From time to time, subject to the Issuer's compliance with the covenants described under the headings "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*," the Issuer will be permitted to issue additional Euro Notes (the "**Additional Euro Notes**") and additional Dollar Notes (the "**Additional Dollar Notes**" and together with the Additional Euro Notes, the "**Additional Notes**"), without notice to or the consent of Holders of Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer's Certificate (as defined below) supplied to the Trustee:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes may be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes may bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest may be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes may be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the maturity date or dates of such Additional Notes, and the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof (in the case of the Euro Notes) or in denominations of $200,000 and in integral multiples of $1,000 in excess thereof (in the case of the Dollar Notes), the denominations in which such Additional Notes may be issued and redeemed;

(8) the status of registration with the SEC of such Additional Notes or the applicable exemption from such registration pursuant to which such Additional Notes may be offered or sold; and

(9) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires or unless otherwise specified, for all purposes of the Indenture and this "*Description of the Notes*," references to "**Notes**" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. For all purposes other than U.S. federal income tax purposes, Additional Notes shall be deemed to form one series with any Notes previously issued if they have terms substantially identical in all material respects to such other Notes. In the event that any Additional Notes sold pursuant to Rule 144A are not fungible with any Notes previously issued for U.S. federal income tax purposes, such non-fungible Additional Notes shall be issued with a separate ISIN, Common Code, CUSIP or other securities identification number, as applicable, so that they are distinguishable from such previously issued Notes. Additional Notes sold pursuant to Regulation S from time to time may at the option of the Issuer be issued with the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued without being fungible with such series of initial Notes for U.S. federal income tax

purposes. **If you are a U.S. holder (as defined in "*Certain Tax Considerations—Certain U.S. Federal Income Tax Considerations*") considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market, you should consult your tax advisors concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of Additional Notes that are not fungible with the applicable series of initial Notes for U.S. federal income tax purposes, but which nevertheless are not capable of being separately identified.**

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts (as defined below), if any, on the Global Notes (as defined below) will be payable through one or more Paying Agents by wire transfer of immediately available funds to Euroclear or Clearstream (in the case of the Euro Notes) and to DTC (in the case of the Dollar Notes), which will credit the account specified by the Holder.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("***Definitive Registered Notes***") will be payable at the specified office or agency of one or more Paying Agents (as defined below) maintained for such purposes. In addition, interest on any Definitive Registered Notes may be paid at the option of the Issuer by bank transfer to the Holder thereof as shown on the register for the Definitive Registered Notes. See "*—Paying Agent, Registrar and Transfer Agent for the Notes*" below.

Paying Agent, Registrar and Transfer Agent for the Notes

The Issuer will maintain one or more paying agents for the Notes for so long as the Notes are held in registered form. The initial Paying Agent will be GLAS Trust Company LLC.

The Issuer will also maintain (i) one or more registrars (each, a "**Registrar**") and (ii) a transfer agent (together with its successors and assigns, the "**Transfer Agent**"). The initial Registrar and the initial Transfer Agent will be GLAS Trust Company LLC. The Paying Agent, the Registrar and the Transfer Agent, as applicable, will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of Definitive Registered Notes on behalf of the Issuer. The Transfer Agent shall perform the functions of a transfer agent.

Upon written notice to the Trustee, the Issuer may change any Paying Agent, Registrar or Transfer Agent for the Notes without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.luxse.com).

Transfer and Exchange

The Notes will initially be issued in the form of one or more registered notes in global form without interest coupons, as follows:

- each series of Euro Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Euro Notes*") and each series of Dollar Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "*144A Global Dollar Notes*" and together with the 144A Global Euro Notes, the "*144A Global Notes*"). The 144A Global Euro Notes will, on the Issue Date, be deposited with the common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, as applicable. The 144A Global Dollar Notes will, on the Issue Date, be deposited with the custodian for DTC and registered in the name of the nominee for DTC; and

- each series of Euro Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Euro Notes**") and each series of Dollar Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "**Regulation S Global Dollar Notes**" and, together with the Regulation S Global Euro Notes, the "**Regulation S Global Notes**" and, together with the 144A Global Notes, the "**Global Notes**"). The Regulation S Global Euro Notes will, on the Issue Date, be deposited

with the common depositary for the accounts of Euroclear and Clearstream and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream, as applicable. The Regulation S Global Dollar Notes will, on the Issue Date, be deposited with the custodian for DTC and registered in the name of the nominee for DTC.

Ownership of interests in the Global Notes (the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear, Clearstream or DTC, as applicable, or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "**Transfer Restrictions**." In addition, transfers of Book-Entry Interests between participants in Euroclear, participants in Clearstream or participants in DTC will be effected by Euroclear, Clearstream or DTC, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear, Clearstream or DTC, as applicable, and their respective participants.

Book-Entry Interests in a 144A Global Note (the "**144A Book-Entry Interests**") may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Regulation S Global Note (the "**Regulation S Book-Entry Interests**") only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being effected pursuant to and in accordance with Regulation S. Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person that the transferor reasonably believes is purchasing the 144A Book-Entry Interests for its own account, or for one or more accounts with respect to which such person exercises sole investment discretion, and such person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, and such transfer is in compliance with any applicable blue sky securities laws of any state of the United States.

No Book-Entry Interest in any Global Note representing the Euro Notes (the "**Global Euro Notes**"), and no Definitive Registered Note issued in exchange for a Book-Entry Interest in the Global Euro Notes (the "**Definitive Registered Euro Notes**"), may be transferred or exchanged for any Book-Entry Interest in any Global Note representing the Dollar Notes (the "**Global Dollar Notes**") or any Definitive Registered Note issued in exchange for a Book-Entry Interest in the Global Dollar Notes (the "**Definitive Registered Dollar Notes**"), and no Book-Entry Interest in the Global Dollar Notes and no Definitive Registered Dollar Note may be transferred or exchanged for any Book-Entry Interest in any Global Euro Note or any Definitive Registered Euro Note.

Any Book-Entry Interest that is transferred will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it is transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

In the event Additional Notes are issued pursuant to Regulation S that bear the same ISIN, Common Code, CUSIP or other securities identification number as Notes belonging to the same series previously issued, without being fungible with such series of initial Notes for U.S. federal income tax purposes, Book-Entry Interests in the Regulation S Global Notes that form part of that series (including in respect of investors that hold Book-Entry Interests in the Regulation S Global Notes on or prior to the date of issuance of such Additional Notes) will not be eligible for transfer to Book-Entry Interests in a Rule 144A Global Note (if any) representing Notes of that same series. Such a restriction could adversely impact the liquidity of sales of Book-Entry Interests in the Regulation S Global Notes. See also "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—Additional Notes sold pursuant to Regulation S may not be fungible with existing Notes for U.S. federal income tax purposes*," "*Book-Entry, Delivery and Form—Transfers*" and "*—Additional Notes.*"

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof (in the case of the Euro Notes) and $200,000 in aggregate principal amount and integral multiples of $1,000 in excess thereof (in the case of the Dollar Notes), upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear, Clearstream or DTC, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer Restrictions*."

Subject to the restrictions on transfer referred to above, Euro Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal

amount and integral multiples of €1,000 in excess thereof and Dollar Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of $200,000 in aggregate principal amount and integral multiples of $1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear, Clearstream or DTC, as applicable, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange.

Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer. The Issuer, the Trustee, the Registrar, the Transfer Agent and the Paying Agent will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

As of the Issue Date, all of the Company's Subsidiaries are expected to be "*Restricted Subsidiaries*" for the purposes of the Indenture. In the circumstances described below under "*Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive or affirmative covenants in the Indenture.

The Notes Guarantees

The Notes will be guaranteed on a senior secured basis: (i) on the Issue Date, by the Company, Zegona Bidco and Zegona Finance LLC (together, the "**Initial Guarantors**" and, such guarantees provided, the "**Initial Notes Guarantees**"), and (ii) subject to the Agreed Security Principles, as soon as reasonably practicable after the Issue Date and in any event within the date that is 120 days from the Issue Date, by Vodafone Spain, Vodafone España S.L., Vodafone ONO, S.A.U., Vodafone Servicios, S.L.U., VTOR America, S.A.U., and Vodafone Energía S.L.U. (the "**Post-Closing Guarantors**" and, together with the Initial Guarantors, the "**Guarantors**" and, such guarantees provided, the "**Post-Closing Notes Guarantees**" and, together with the Initial Notes Guarantees, the "**Notes Guarantees**"). The Guarantors will grant the Notes Guarantees and will also, subject to the Agreed Security Principles, guarantee the borrowings under the New Senior Facilities Agreement and the Senior Facilities Agreement on a senior secured, *pari passu* basis.

As of and for the twelve months ended February 29, 2024 (on an unconsolidated basis) the Guarantors represented 100% of our revenue, EBITDA and total assets.

In addition, if required by the covenant described under "*—Certain Covenants—Additional Notes Guarantees*," certain other Restricted Subsidiaries may provide a Notes Guarantee in the future. The term "**Notes Guarantees**" or "**Guarantors**" shall also be deemed to refer to any such future additional Guarantee or Guarantees that may be granted from time to time in accordance with the Indenture.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Senior Facilities Agreement, the New Senior Facilities Agreement and the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, justified corporate interest (where applicable), fraudulent preference, "thin capitalization" rules, retention of title claims and similar matters. See "*—Security—Summary of Agreed Security Principles*."

Each Notes Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" (including, without limitation, the subsections under the captions "*—Limitations on validity and enforceability of Notes Guarantees and Collateral granted by Spanish Guarantors—Financial Assistance*") and "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral" (including, without limitation, the risk factor captioned "—The amounts recoverable under the Notes Guarantees and the Collateral may be limited by financial assistance and other corporate benefit requirements*.")

The Issuer is a finance subsidiary, and, therefore, the Issuer will be dependent on cash flows from the Proceeds Loan or other payments or distributions from the Company or the subsidiaries of the Company to meet its obligations, including its obligations under the Notes. The Company, which is the direct parent company of the

Issuer, is a holding company which was formed for the purposes of facilitating the Transactions and has no revenue generating operations of its own and no material assets other than the equity interests in its subsidiaries. See "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—The Issuer is a finance subsidiary that has no revenue-generating operations of its own and will be dependent on cash flows from the Proceeds Loan or other payments or distributions from the Company or the subsidiaries of the Company to service the Notes.*"

The Notes Guarantee of a Subsidiary Guarantor and, other than in the cases of clauses (1), (2), (4), (7) and (8) described below, the Notes Guarantee given by the Company, will terminate and be released:

(1) upon the sale, exchange, transfer or other disposition (including by way of consolidation, merger or amalgamation) of ownership interests in the relevant Guarantor (directly or through a Holding Company of such Guarantor) such that the Guarantor does not remain a Restricted Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company, the Issuer or a Restricted Subsidiary), in each case if such sale, exchange, transfer or other disposition does not violate the Indenture;

(2) upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;

(3) upon defeasance or satisfaction and discharge of the Notes, as provided in "*Defeasance*" and "*Satisfaction and Discharge*";

(4) as described in the third paragraph of the covenant described below under "*Certain Covenants—Additional Notes Guarantees*";

(5) in accordance with the provisions of the Intercreditor Agreement or any Additional Intercreditor Agreement (as defined below);

(6) as described under "*Amendments and Waivers*";

(7) with respect to any Guarantor which is not the continuing or surviving Person in the relevant consolidation or merger, as a result of a transaction permitted by "*Certain Covenants—Merger and Consolidation*" and the Indenture;

(8) with respect to any Guarantor, in connection with a solvent liquidation of such Guarantor pursuant to which substantially all of the assets of such Guarantor remain owned by the Issuer or a Guarantor;

(9) in the case of any Guarantor that is a Holding Company of the IPO Pushdown Entity, pursuant to the provisions described below under "*—IPO Pushdown*"; or

(10) upon payment in full of principal and interest and all other obligations on the Notes.

At the request and expense of the Issuer and, if applicable, at the request of the Security Agent, the Trustee shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release or amendment of a Notes Guarantee in accordance with these provisions. Each of the releases and amendments set forth above shall be effected by the Trustee without any consent of the Holders or any other action or consent on the part of the Trustee. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and, at its option, an Opinion of Counsel certifying that such release complies with the Indenture.

Security

The Collateral

On the Issue Date, subject to the operation of the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, the Notes will be secured on an equal and ratable first-priority basis by:

- a pledge of the shares of the Issuer (the "**Issuer Share Pledge**");
- an assignment of intercompany receivables owed to the Issuer by the Company (including the Proceeds Loan) and Zegona Finance LLC;
- a (limited recourse) pledge of the shares of the Company held by Zegona Midco Limited ("**Zegona Midco**" and such pledge, the "**Company Share Pledge**");

- a (limited recourse) assignment of intercompany receivables owed to Zegona Midco by the Company;
- an assignment of intercompany receivables owed to the Company by any member of the Group (including, but not limited to, the Vodafone Intercompany Refinancing Loan);
- a pledge of bank accounts (unperfected until the occurrence of an acceleration event) by the Issuer and the Company;
- a floating charge over all assets, rights and interests (with no excluded assets) by the Company and the Issuer;
- a pledge of the shares of Zegona Bidco held by the Company;
- a pledge of the shares of Zegona Finance LLC held by the Company; and
- all-asset security granted by Zegona Finance LLC (subject to customary exceptions)

  (such items collectively, the "**Initial Collateral**").

In addition, as soon as reasonably practicable after the Issue Date and in any event within 120 days from the Issue Date, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, the Notes and the Notes Guarantees will be secured on a first-priority basis by:

- an assignment of intercompany receivables owed to Zegona Bidco by Vodafone Spain;
- in the case of each Post-Closing Guarantor: (1) security over any material operating bank accounts held by such Post-Closing Guarantor; (2) security over certain intra-Group receivables owed to such Post-Closing Guarantor; and (3) security over the shares of such Post-Closing Guarantor held by its direct parent holding company

  (the "**Post-Closing Collateral**" and together with the Initial Collateral and any and all rights, property or assets from time to time over which a lien has been granted to secure the obligations under the Notes, the Notes Guarantees or the Indenture, the "**Collateral**").

In particular, subject to the Intercreditor Agreement and subject to the Agreed Security Principles, the applicable perfection requirements and Permitted Collateral Liens, each subsidiary of the Company that accedes to the New Senior Facilities Agreement and the Senior Facilities Agreement as a guarantor thereof after the Issue Date and grants security in connection with such accession shall substantially simultaneously also enter into a supplemental indenture as a Guarantor with respect to the Notes and accede to the Intercreditor Agreement, and security will be granted substantially simultaneously in favor of the Notes over the assets that will secure borrowings under the New Senior Facilities Agreement and the Senior Facilities Agreement, subject to the Agreed Security Principles. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the Holders of the Notes and holders of the other secured obligations that are secured by the Collateral. Any other security interests that may in the future be granted to secure obligations under the Notes, any Notes Guarantees and the Indenture would also constitute "**Collateral**." All Collateral shall be subject to the operation of the Agreed Security Principles, the applicable perfection requirements and any Permitted Collateral Liens.

The security interests over the Collateral or the enforcement thereof will be subject to certain significant contractual and legal limitations or subject to certain defenses under applicable law. By virtue of these limitations and defenses, the value of certain Collateral could be significantly less than amounts payable with respect to the Notes, or such Collateral may have effectively limited or no value. See "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security" and "Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral*."

Summary of Agreed Security Principles

Notwithstanding the foregoing, certain assets will not be pledged (or the Liens not perfected), in accordance with the Agreed Security Principles, including:

- if providing such security would be prohibited by general legal and statutory limitations, regulatory restrictions, financial assistance, capital maintenance rules, corporate benefit, liquidity maintenance, fraudulent preference, equity subordination, "controlled foreign corporation," "thin capitalization" rules, tax restrictions, retention of title claims and similar matters or providing security would be outside the applicable pledgor's legal capacity or conflict with fiduciary or statutory duties of directors, officers or other legal representatives or contravene any legal prohibition, contractual restriction or regulatory condition or result in

a risk of personal, criminal or other legal liability, in each case, after the use of reasonable endeavors to overcome such obstacle;

- if the cost of providing security is not proportionate to the benefit accruing to the holders of the Notes;
- if there is material incremental cost involved in creating security over all assets of a Guarantor in a particular category of assets, only the material assets in that category will be subject to security;
- if it is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets, security will not be taken over such assets;
- if providing such security requires consent before such assets may be secured or where providing such security would give a third party the right to terminate or otherwise amend any rights, benefits and/or obligations of the Company, the Issuer or any of their Subsidiaries in respect of those assets or require any of them to take any action materially adverse to their interests and where (subject to certain conditions being met) such consent cannot be obtained after the use of reasonable endeavors;
- if providing or perfecting such security would have a material adverse effect on the ability of such Subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the indenture and any requirement under the Agreed Security Principles to seek consent of any person or take or not take any other action shall be subject to this principle;
- if the increased amount so secured or guaranteed incurs any stamp duty, notarization, registration or other applicable fees, taxes and duties where the benefit of increasing the guaranteed or secured amount is disproportionate to the level of such fees, taxes and duties;
- if the assets are, or the relevant member of the group is, located outside the Security Jurisdiction (as defined in the New Senior Facilities Agreement);
- in the case of security from or over, or over assets of, any joint venture or similar arrangement, any minority interest or any entity (other than the Company) that is not wholly-owned; and
- in the case of assets subject to security in favor of a third party.

The Collateral will also secure the liabilities under the New Senior Facilities Agreement, the Senior Facilities Agreement, and certain hedging agreements. Subject to certain conditions, including compliance with the covenants described under "*Certain Covenants—Limitation on Liens*" and "*Certain Covenants—Impairment of Security Interest*," the Company is permitted to grant security over the Collateral in connection with future issuances of its Indebtedness or Indebtedness of its Restricted Subsidiaries, including any Additional Notes, in each case, as permitted under the Indenture and the Intercreditor Agreement. Any proceeds received upon any enforcement over any Collateral will be applied *pro rata* in payment of all liabilities in respect of obligations under the Indenture and the Notes and any other Indebtedness of the Company or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement that is not subordinated in right of payment to the Notes, including borrowings under the New Senior Facilities Agreement, the Senior Facilities Agreement and certain hedging liabilities. In the future, pursuant to the operation of the Agreed Security Principles, the lenders under the New Senior Facilities Agreement, the Senior Facilities Agreement and/or counterparties to certain hedging agreements and any Additional Notes may also benefit from security which does not secure the Notes offered hereby.

The Liens on the Collateral will be limited as necessary to recognize certain limitations arising under or imposed by local law and defenses generally available to providers of Collateral (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose or benefit, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law. For a brief description of such limitations, see "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*Risk Factors— Risks Relating to the Notes, the Notes Guarantees and the Collateral—The Notes Guarantees and the Collateral securing the Notes will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability.*"

Administration of Security and Enforcement of Liens

The Security Documents and the Collateral will be administered by the Security Agent, in each case pursuant to the Intercreditor Agreement for the benefit of all holders of secured obligations. In addition, in certain jurisdictions, due to the laws and jurisprudence governing the creation and perfection of security interests, the

Intercreditor Agreement provides for the creation of a parallel debt which will form part of the secured obligation. The parallel debt construct has not been tested under law or before courts in certain of these jurisdictions. The enforcement of the Security Documents will be subject to the procedures set forth in the Intercreditor Agreement. For a description of the Intercreditor Agreement, see "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Issuer's or a Guarantor's bankruptcy. In addition, the enforcement of the Collateral will be limited to the maximum amount required under the Agreed Security Principles to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of a Guarantor's obligation under its Notes Guarantee could be significantly less than the total amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*—The Notes Guarantees*," "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*" and "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—The insolvency laws of England and Wales and Spain may not be as favorable as insolvency laws in other jurisdictions*."

Subject to the terms of the Security Documents, the Issuer, the Guarantors and any other Collateral provider will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

No appraisals of any of the Collateral have been prepared by or on behalf of the Issuer in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes, the payment of obligations under the Senior Facilities Agreement, the New Senior Facilities Agreement, certain Hedging Obligations and any other Indebtedness of the Company or its Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all. See "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—The value of the Collateral securing the Notes may not be sufficient to satisfy our obligations under the Notes and such collateral may be reduced or diluted under certain circumstances*."

In addition, the Intercreditor Agreement and the Security Documents place limitations on the ability of the Security Agent to cause the sale of some of the Collateral. These limitations may include requirements that some or all of the Collateral be disposed of only pursuant to public auctions or only at a price confirmed by a valuation. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

The Trustee for the Notes has, and by accepting a Note, each Holder will be deemed to have:

- irrevocably appointed the Security Agent to act as its agent under the Intercreditor Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents);
- irrevocably authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other documents to which it is a party (including, without limitation, the Security Documents), together with any other incidental rights, power and discretions; and (ii) execute each document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf; and
- accepted the terms and conditions of the Intercreditor Agreement and any Additional Intercreditor Agreement (as defined below) and each Holder will also be deemed to have authorized the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement.

Priority

The relative priority with regard to the Collateral as between (a) the lenders under the New Senior Facilities Agreement, the Senior Facilities Agreement and other future indebtedness (b) the counterparties under certain hedging arrangements, (c) the Trustee and the holders of the Notes under the Indenture and (d) the creditors of certain other Indebtedness permitted to be secured by the Collateral, is established by the terms of the Intercreditor Agreement and the Security Documents, which provide that the obligations under the Notes, the New Senior Facilities Agreement, the Senior Facilities Agreement, such hedging arrangements and such permitted or other future Indebtedness will receive proceeds of enforcement of security over the Collateral equally and ratably on a first priority basis. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*." In addition, pursuant to the Intercreditor Agreement or Additional Intercreditor Agreements entered into after the Issue Date,

the Collateral may be pledged to secure other Indebtedness. See "*—Release of Liens*," "*Certain Covenants—Impairment of Security Interest*" and "*Certain Definitions—Permitted Collateral Liens*."

Release of Liens

The Security Agent will take any action necessary and reasonably required by, and at the cost of, the Issuer to effectuate any release of Collateral required by a Security Document in accordance with the provisions of the Indenture, the Intercreditor Agreement and/or any Additional Intercreditor Agreement:

(1) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or satisfaction and discharge or defeasance thereof in accordance with the Indenture;

(2) in the case of a Subsidiary Guarantor (as defined herein) that is released from its Notes Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Subsidiary Guarantor;

(3) in connection with any sale or other disposition of Collateral, directly or indirectly, to (a) any Person other than the Company or any Restricted Subsidiary (but excluding any transaction subject to "*—Merger and Consolidation*"), if such sale or other disposition does not violate the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" and is otherwise not prohibited by the Indenture or (b) the Company or any Restricted Subsidiary in a manner consistent with the Intercreditor Agreement and *provided* that, in the case of paragraph (b) such release of Security Interests is substantially concurrent with the granting by the transferee of equivalent Security Interests for the benefit of the holders of the Notes with the same ranking as prior to such release; provided that, if such Collateral is held by Zegona Midco (or any Person to which such Collateral is transferred to), the transaction is a Permitted Parent Reorganization;

(4) as described under "*Amendments and Waivers*";

(5) automatically without any action by the Trustee, as described in the second paragraph of the covenant described below under "*Certain Covenants—Limitation on Liens*";

(6) as otherwise provided in the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) (other than the Security Interest in respect of the Issuer Share Pledge and the Company Share Pledge) in order to effectuate a merger, consolidation, conveyance or transfer conducted in compliance with the covenant described under "*Certain Covenants—Merger and Consolidation*";

(8) with respect to assets held by or the Capital Stock of any Restricted Subsidiary (other than the Issuer), in connection with a solvent liquidation of such Restricted Subsidiary, pursuant to which substantially all of the assets of such Restricted Subsidiary remain owned by the Issuer or a Guarantor;

(9) if on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing, *provided* that any such Lien that also secures Indebtedness incurred under clause (1) of the second paragraph of covenant described under "*—Limitation on Indebtedness*" is released substantially concurrently with the Liens securing the Notes;

(10) as otherwise permitted in accordance with the Indenture, including under the covenant described under "*Certain Covenants—Impairment of Security Interest*"; and

(11) in connection with an IPO Pushdown, as specified in the Indenture.

Each of these releases shall be effected by the Security Agent and, to the extent required or necessary, the Trustee, without the consent of the holders of the Notes. The Security Agent and the Trustee shall be entitled to request and rely solely upon an Officer's Certificate and, at its option, an Opinion of Counsel, certifying which circumstances give rise to the release of Collateral and that such release complies with the Indenture.

The Company, the Issuer, the Restricted Subsidiaries and any other Collateral provider may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct ordinary course activities

with respect to the Collateral, including, without limitation, (i) selling, pledging or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien under the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) selling, pledging, transferring or otherwise disposing of current assets in the ordinary course of business; and (iii) any other action permitted by the Security Documents or the Intercreditor Agreement.

In the event of a conflict between the Indenture, the Security Documents, the Intercreditor Agreement and/or any Additional Intercreditor Agreement, the Intercreditor Agreement or such Additional Intercreditor Agreement (as the case may be) will prevail. See "*Description of Certain Financing Arrangements—Intercreditor Agreement*."

Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements

In connection with the Incurrence of any Indebtedness by the Company, the Issuer or any Restricted Subsidiary that is permitted to share the Collateral, the Trustee and the Security Agent shall, at the request of the Issuer, enter into with the Company, the Issuer, the relevant Restricted Subsidiaries and the holders of such Indebtedness (or their duly authorized representatives), one or more intercreditor agreements or deeds (including a restatement, replacement, amendment or other modification of the Intercreditor Agreement) (an "**Additional Intercreditor Agreement**"), on substantially the same terms as the Intercreditor Agreement (or terms that are not materially less favorable to the holders of the Notes as compared to the Intercreditor Agreement) and substantially similar as applies to sharing of the proceeds of security and enforcement of security, priority and release of security; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the personal rights, duties, liabilities, indemnification or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement and if more than one such intercreditor agreement is outstanding at any time, the correlative terms of such intercreditor agreements must not conflict. As used herein, a reference to the Intercreditor Agreement will also include any Additional Intercreditor Agreement.

In relation to the Intercreditor Agreement, the Trustee shall consent on behalf of the holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, that such transaction would comply with the covenant described herein under "*Certain Covenants—Limitation on Restricted Payments*."

The Indenture will also provide that, at the written direction of the Issuer and without the consent of holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such Intercreditor Agreement that may be Incurred by the Issuer, the Company or the Restricted Subsidiaries that are subject to any such Intercreditor Agreement (*provided* that such Indebtedness is Incurred in compliance with the Indenture), (3) add Guarantors or other Restricted Subsidiaries to the Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision to implement any Permitted Collateral Liens in accordance with the terms of the Indenture or (6) make any other change to any such agreement that does not adversely affect the holders of Notes in any material respect. The Trustee shall be entitled to request and rely solely upon an Officer's Certificate and, at its option, an Opinion of Counsel certifying that any such amendment is permitted under the Indenture and the relevant Intercreditor Agreement.

The Issuer shall not otherwise direct the Trustee or Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "**Amendments and Waivers**" or as permitted by the terms of such Intercreditor Agreement, and the Issuer may only direct the Trustee or Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or any Intercreditor Agreement.

The Indenture will also provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have authorized the Trustee and the Security Agent to enter into the Intercreditor Agreement and any Additional Intercreditor Agreement on each Holder's behalf.

IPO Pushdown

(1) On, in contemplation of, or following an Initial Public Offering of the Company or an IPO Pushdown Entity, the Issuer shall be entitled to require (by written notice to the Trustee and the

Security Agent (a "**Pushdown Notice**")) that the terms of the Indenture and the Intercreditor Agreement (or any Additional Intercreditor Agreement) shall operate (with effect from the date specified in the relevant Pushdown Notice) on the basis that: (i) references to the Company and Restricted Subsidiaries (and all related provisions) shall apply only to the IPO Pushdown Entity and its Subsidiaries which are Restricted Subsidiaries from time to time, although the Issuer shall remain the same entity; (ii) all financial ratio, basket calculations and financial definitions shall exclude any Holding Company of the IPO Pushdown Entity and all reporting obligations shall be assumed at the level of the IPO Pushdown Entity; (iii) each reference in the Indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) to the "**Company**" shall be deemed to be a reference to the IPO Pushdown Entity (to the extent applicable and unless the context requires otherwise, and *provided further* that nothing in this clause (1), including the deeming construct contemplated by this sub-clause (iii) and any action taken by the IPO Pushdown Entity prior to it being deemed to be the Company, shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default); (iv) none of the representations, warranties, undertakings, covenants or Events of Default in the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents shall apply to any entity of which the IPO Pushdown Entity is a Subsidiary (whether in its capacity as a Guarantor or otherwise); (v) no event, matter or circumstance relating to any Holding Company of the IPO Pushdown Entity (whether in its capacity as a Guarantor or otherwise) shall, or shall be deemed to, directly or indirectly constitute or result in a breach of any covenant or other term in the Indenture or a Default or an Event of Default; (vi) each Holding Company of the IPO Pushdown Entity shall be irrevocably and unconditionally released from all obligations under the Indenture, the Intercreditor Agreement (or any Additional Intercreditor Agreement) and any security granted by any such Holding Company; (vii) unless otherwise notified by the Issuer: (A) each person which is party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an "**Investor**" shall be irrevocably and unconditionally released from the Intercreditor Agreement (or any Additional Intercreditor Agreement) and all obligations and restrictions under the Intercreditor Agreement (or any Additional Intercreditor Agreement) (and from the date specified by the Issuer that person shall cease to be party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor and shall have no further rights or obligations under the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor); and (B) there shall be no obligation or requirement for any person to become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor; and (viii) in the event that any person is released from or does not become party to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as an Investor as a consequence of this clause (1), any term of the indenture and/or the Intercreditor Agreement (or any Additional Intercreditor Agreement) which requires or assumes that any person be an Investor or that any liabilities or obligations to such person be subject to the Intercreditor Agreement (or any Additional Intercreditor Agreement) or otherwise subordinated shall cease to apply. A Pushdown Notice may not be delivered if a Default or Event of Default has occurred and is continuing (disregarding any Default or Event of Default that could be deemed to arise in connection with the transactions contemplated by this provision); provided that, security interests under Security Documents exist or will upon the Initial Public Offering exist over the shares in a member of the Group as selected by the Issuer such that a single point of enforcement in respect of the Group will exist after the Initial Public Offering (in each case, as determined by the Issuer in good faith).

(2) The Trustee and the Security Agent shall be required to enter into any amendment to the Indenture or amendment to or replacement of the Intercreditor Agreement (or any Additional Intercreditor Agreement) or the Security Documents required by the Issuer and/or take such other action as is required by the Issuer in order to facilitate or reflect any of the matters contemplated by clause (1) above; *provided* that such amendment, replacement or other document or instrument does not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or Security Agent (as applicable), does not affect the rights, duties, liabilities, indemnities or immunities of the Trustee or the Security Agent (as applicable) under such amendment, replacement or other document or instrument. The Trustee and the Security Agent are each irrevocably authorized and instructed by the Holders (without any consent by the Holders) to execute any such amended or replacement documents and/or take other such action on behalf of the Holders (and shall do so on the request of and at the cost of the Issuer).

(3) For the purpose of this covenant, the "*IPO Pushdown Entity*" shall be any Restricted Subsidiary of the Company notified to the Trustee by the Issuer in writing as the person to be treated as the IPO Pushdown Entity in relation to the relevant Initial Public Offering, *provided* that the IPO Pushdown Entity shall be a Restricted Subsidiary of the Company which will issue shares, or whose shares are to be sold, pursuant to that Initial Public Offering, and the Issuer shall be a wholly owned Restricted Subsidiary of such IPO Pushdown Entity (either before or after giving effect to the anticipated Initial Public Offering).

(4) If the Issuer delivers a Pushdown Notice to the Trustee and Security Agent pursuant to clause (1) above in relation to a contemplated Initial Public Offering, it shall be entitled to revoke that Pushdown Notice at any time prior to the occurrence of the relevant Initial Public Offering by written notice to the Trustee and Security Agent. In the event that any Pushdown Notice is revoked in accordance with this clause (4): (i) the provisions of sub-clauses (1)(i) to (1)(vii) above shall cease to apply in relation to that Pushdown Notice; (ii) if any security has been released pursuant to clause (1) above in reliance on that Pushdown Notice, subject to the Agreed Security Principles, the Issuer, the Company or the relevant Restricted Subsidiary shall as soon as reasonably practicable execute a replacement Security Document in respect of that security; and (iii) if any person party to the Intercreditor Agreement as an "Investor" has been released from the Intercreditor Agreement pursuant to sub-clause (1)(vii) above in reliance on that Pushdown Notice, that person shall as soon as reasonably practicable accede to the Intercreditor Agreement as an Investor.

For the avoidance of doubt: (A) nothing in this clause (4) shall prohibit or otherwise restrict the Issuer from delivering a further Pushdown Notice in relation to any actual or contemplated Initial Public Offering; and (B) revocation of a Pushdown Notice shall not, and shall not be deemed to, directly or indirectly constitute or result in a breach of any representation, warranty, undertaking or other term in the Indenture or the Intercreditor Agreement (or any Additional Intercreditor Agreement) or a Default or an Event of Default (whether by reason of any action or step taken by any person, or any matter or circumstance arising or committed, while that Pushdown Notice was effective or otherwise).

Optional Redemption

Euro Notes

Except as set forth herein and under "*Redemption for Taxation Reasons*," the Euro Notes are not redeemable at the option of the Issuer.

At any time prior to July 15, 2026, the Issuer may redeem the Euro Notes at its option, upon not less than ten nor more than 60 days' prior notice at a redemption price equal to 100% of the aggregate principal amount of such Euro Notes, plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable redemption date.

At any time prior to July 15, 2026, the Issuer may redeem at its option, upon not less than ten nor more than 60 days' prior notice, during each 12-month period commencing after the Issue Date, up to 10% of the original aggregate principal amount of the Euro Notes in every 12-month period, commencing on the Issue Date (calculated after giving effect to the issuance of any Additional Euro Notes forming part of the same series as the Euro Notes) at a redemption price equal to 103% of the principal amount redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable redemption date.

At any time and from time to time on or after July 15, 2026, the Issuer may redeem the Euro Notes, in whole or in part, at its option, upon not less than ten nor more than 60 days' prior notice, at a redemption price equal to the percentage of the aggregate principal amount of the Euro Notes so redeemed set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Euro Notes redeemed, to, but excluding, the applicable redemption date if redeemed during the periods beginning on July 15 of the years indicated below:

Year	Percentage
2026	103.3750%
2027	101.6875%
2028 and thereafter	100.0000%

At any time and from time to time prior to July 15, 2026, the Issuer may, at its option, on any one or more occasions redeem Euro Notes issued under the Indenture with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than ten nor more than 60 days' prior notice, at a redemption price equal to 106.750% of the aggregate principal amount of the Euro Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the redemption date in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Euro Notes (including any Additional Euro Notes forming part of the same series as the Euro Notes), as the case may be, *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Euro Notes (including any Additional Euro Notes forming part of the same series as the Euro Notes) issued under the Indenture remains outstanding after each such redemption.

Notice of any redemption upon any Equity Offering may be given prior to the completion of any such Equity Offering.

Dollar Notes

Except as set forth herein and under "*Redemption for Taxation Reasons*," the Dollar Notes are not redeemable at the option of the Issuer.

At any time prior to July 15, 2026, the Issuer may redeem the Dollar Notes at its option, upon not less than ten nor more than 60 days' prior notice at a redemption price equal to 100% of the aggregate principal amount of such Dollar Notes, plus the relevant Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable redemption date.

At any time prior to July 15, 2026, the Issuer may redeem at its option, upon not less than ten nor more than 60 days' prior notice, during each 12-month period commencing after the Issue Date, up to 10% of the original aggregate principal amount of the Dollar Notes in every 12-month period, commencing on the Issue Date (calculated after giving effect to the issuance of any Additional Dollar Notes forming part of the same series as the Dollar Notes) at a redemption price equal to 103% of the principal amount redeemed plus accrued and unpaid interest and Additional Amounts, if any, to, but excluding, the applicable redemption date.

At any time and from time to time on or after July 15, 2026, the Issuer may redeem the Dollar Notes, in whole or in part, at its option, upon not less than ten nor more than 60 days' prior notice, at a redemption price equal to the percentage of the aggregate principal amount of the Dollar Notes so redeemed set forth below plus accrued and unpaid interest and Additional Amounts, if any, on the Dollar Notes redeemed, to, but excluding, the applicable redemption date if redeemed during the periods beginning on July 15 of the years indicated below:

Year	**Percentage**
2026	104.31250%
2027	102.15625%
2028 and thereafter	100.0000%

At any time and from time to time prior to July 15, 2026, the Issuer may, at its option, on any one or more occasions redeem Dollar Notes issued under the Indenture with the Net Cash Proceeds received by the Company from any Equity Offering, upon not less than ten nor more than 60 days' prior notice, at a redemption price equal to 108.625% of the aggregate principal amount of the Dollar Notes so redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the applicable redemption date in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Dollar Notes (including any Additional Dollar Notes forming part of the same series as the Dollar Notes), as the case may be, *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 50% of the original aggregate principal amount of the Dollar Notes (including any Additional Dollar Notes forming part of the same series as the Dollar Notes) issued under the Indenture remains outstanding after each such redemption.

Notice of any redemption upon any Equity Offering may be given prior to the completion of any such Equity Offering.

General

Notice of redemption will be provided as set forth under "*Selection and Notice*" below. Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, but not limited to, an Equity Offering, an Incurrence of Indebtedness, a Change of Control or any other transaction). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice may state that, at the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed; *provided* that in no case shall the notice have been delivered less than 10 days or more than 60 days prior to the date on which such redemption (if any) occurs. In addition, the Issuer may provide in such notice that payment of the redemption price and performance of the Issuer's obligations with respect to such redemption may be performed by another Person.

Notwithstanding the foregoing, in connection with any tender offer for the Notes, including a Change of Control Offer (as defined below) or Asset Disposition Offer (as defined below), if Holders of Notes of not less than 90% in aggregate principal amount of the applicable outstanding Notes of such series validly tender and do not withdraw such Notes in such tender offer and the Issuer, or any third party making such a tender offer in lieu of the Issuer, purchases, all of the Notes validly tendered and not withdrawn by such Holders, the Issuer or such third party will have the right upon not less than ten nor more than 60 days' prior notice, given not more than 30 days following such tender offer expiration date, to redeem the Notes of such series that remain outstanding in whole, but not in part following such purchase at a price equal to the price offered to each other Holder (excluding any early tender or incentive fee) in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest and Additional Amounts, if any, thereon, to, but excluding, such redemption date.

We may repurchase Notes at any time and from time to time in the open market or otherwise.

If and for so long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange of any such notice to the Holders of the relevant Notes and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Sinking Fund

The Issuer will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Paying Agent or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee, the Paying Agent and the Registrar, as applicable, by the Issuer, and in compliance with the requirements and procedures of Euroclear, Clearstream and DTC (as applicable), or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear, Clearstream or DTC or Euroclear, Clearstream or DTC prescribes no method of selection, on a *pro rata* basis by use of a pool factor; *provided, however*, that no Euro Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Euro Notes in integral multiples of €1,000 will be redeemed and no Dollar Note of $200,000 in aggregate principal amount or less shall be redeemed in part and only Dollar Notes in integral multiples of $1,000 will be redeemed. None of the Trustee, the Paying Agent, the Transfer Agent or the Registrar will be liable to any person for any selections made by it in accordance with this paragraph.

Notices of redemption will be delivered electronically or mailed by first-class mail at least ten days but not more than 60 days before the redemption date to each Holder of Notes to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear, Clearstream and DTC, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Global Note, an appropriate notation will be made

on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on Notes or portions of them called for redemption on the applicable redemption date.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of redemption in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.luxse.com).

Redemption for Taxation Reasons

The Issuer may redeem at its discretion the Notes of a series in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "**Tax Redemption Date**") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "**Withholding Taxes**"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer or a Guarantor determine in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations, rulings or protocols promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, treaties, regulations, rulings or protocols (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "**Change in Tax Law**"),

the Issuer or any Guarantor is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts with respect to the Notes, and such obligation cannot be avoided by taking reasonable measures available to the Issuer or the relevant Guarantor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable but not including assignment of the obligation to make payment with respect to the Notes); *provided* that none of the Issuer or any Guarantor shall be required to take any measures that in the Issuer's good faith determination would result in the imposition on the Issuer or a Guarantor of any legal or regulatory burden or the incurrence of additional costs, or would otherwise result in any adverse consequences to the Issuer or a Guarantor. In the case of redemption due to withholding or deduction as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date of this Offering Memorandum. In the case of redemption due to withholding or deduction as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after the date of this Offering Memorandum, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the predecessor of a Successor Issuer (as defined below) or the predecessor of a successor of a Guarantor. Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*Selection and Notice.*" Notwithstanding the foregoing, no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Payor (as defined below) would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or delivery of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or the relevant Guarantor, or a successor to either, where applicable, will deliver to the Trustee and the Paying Agent (a) an Officer's Certificate stating that the Issuer or the relevant Guarantor, or a successor to either, where applicable, is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of a tax counsel of recognized standing and which opinion is reasonably acceptable to the Trustee (such acceptance not to be unreasonably withheld) to the effect that the Issuer or the relevant Guarantor, or a successor to either, where applicable, has or have been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee and the Paying Agent will be able to rely absolutely and without further inquiry on such Officer's Certificate and

opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is incorporated or organized or otherwise considered to be a resident for tax purposes, or any jurisdiction from or through which such successor makes any payment on the Notes or any Notes Guarantees, and any political subdivision or taxing authority or agency thereof or therein.

Withholding Taxes

All payments made by or on behalf of the Issuer or a Guarantor (a "**Payor**") on the Notes or the Notes Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from or through which payment on any such Note or Notes Guarantee is made by or on behalf of the Payor or its agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which the Payor is incorporated or organized, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1) and (2), a "**Relevant Taxing Jurisdiction**"),

will at any time be required from any payments made by or on behalf of a Payor with respect to any Note or Notes Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "**Additional Amounts**") as may be necessary in order that the net amounts received in respect of such payments by each Holder after such withholding or deduction (including any such deduction or withholding from such Additional Amounts), will equal the amounts which would have been received by each Holder in respect of such payments on any such Note or Notes Guarantee in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national or domiciliary of, incorporated in, or carrying on a business or maintaining a permanent establishment in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment, or the exercise or enforcement of rights under such Note or Notes Guarantee;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder or beneficial owner, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes or any Notes Guarantee;

(4) any estate, inheritance, gift, value added, sales, excise, transfer, personal property or similar Taxes, assessment or other governmental charge;

(5) any Taxes imposed pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code (or any amended or successor version that is substantially comparable), any agreements entered into pursuant to Section 1471(b) of the Code and any intergovernmental agreements (and related legislation or official administrative guidance) implemented with respect to the foregoing;

(6) any Taxes imposed or withheld in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Taxes by presenting the relevant Note to, or otherwise accepting payment from, another paying agent; or

(7) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is permitted or required for payment) within 15 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (7) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or any Person other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Trustee (with a copy to the Paying Agent). Such copies shall be made available to the Holders upon request.

If any Payor becomes aware that it will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Notes Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee and the Paying Agent will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in either the Indenture, the Notes Guarantees or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes, such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Issuer will pay to the Holders any present or future transfer, stamp, court or documentary Taxes, or any other property or similar taxes, charges or levies, that arise in any Relevant Taxing Jurisdiction from the execution, delivery, registration or enforcement of any Notes, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than in connection with a transfer or exchange of the Notes), and the Issuer agrees to indemnify the Holders for any such Taxes paid by such Holders.

The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to the Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

Change of Control

The Indenture will provide that if a Change of Control occurs, unless (i) a third party makes a change of control offer as described herein or (ii) the Issuer has previously or substantially concurrently therewith delivered a redemption notice with respect to all the outstanding Notes as described under "*Optional Redemption*," the Issuer

will make an offer to purchase all of the Notes (equal to €100,000 in principal amount with respect to the Euro Notes and $200,000 in principal amount with respect to the Dollar Notes or in integral multiples of €1,000 in excess thereof with respect to the Euro Notes and $1,000 in excess thereof with respect to the Dollar Notes; *provided* that Euro Notes of €100,000 or less and Dollar Notes of $200,000 or less in principal amount may only be purchased in whole and not in part) pursuant to the offer described below (the "**Change of Control Offer**") at a purchase price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Additional Amounts, if any, to but excluding the date of repurchase. Within 60 days following any Change of Control, the Issuer will deliver or cause to be delivered a notice of such Change of Control Offer electronically in accordance with the applicable procedures of Euroclear, Clearstream and DTC or by first-class mail, with a copy to the Trustee, to each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the applicable procedures of Euroclear, Clearstream and DTC, describing the transaction or transactions that constitute the Change of Control and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than ten days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice, except in the case of a conditional Change of Control Offer made in advance of a Change of Control as described below.

To the extent that the provisions of any securities laws, rules or regulations, including Rule 14e-1 under the Exchange Act, conflict with the provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described in the Indenture by compliance therewith. The Issuer may rely on any no-action letters issued by the SEC indicating that the staff of the SEC will not recommend enforcement action in the event a tender offer satisfies certain conditions.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*Optional Redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will deliver a notice of the Change of Control Offer to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "**Change of Control Payment**");

(2) stating the repurchase date (which shall be no earlier than 10 days nor later than 60 days from the date such notice is mailed) (the "**Change of Control Payment Date**");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is sent prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent or the Trustee the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF thereof and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to a Change of Control Offer in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange (www.luxse.com).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The occurrence of events which would constitute a Change of Control may require prepayment and cancellation or other consequences in respect of the New Senior Facilities Agreement and the Senior Facilities Agreement. Future Indebtedness of the Company or the Restricted Subsidiaries may also contain prohibitions on, or entail consequences arising from, certain events which would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company.

The Issuer's ability to pay cash to the Holders of Notes following the occurrence of a Change of Control may be limited by the Issuer's and the Company's then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases. The Change of Control purchase feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management.

Subject to the limitations discussed below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of Indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to Incur additional Indebtedness are contained in the covenants described under "*Certain Covenants—Limitation on Indebtedness"* and "*Certain Covenants—Limitation on Liens*." Such restrictions in the Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Notes then outstanding. Except for the limitations contained in such covenants, however, the Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (ii) a notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described under "*Optional Redemption*," unless and until there is a default in the payment of the redemption price on the applicable redemption date or the redemption is not consummated due to the failure of a condition precedent contained in the applicable redemption notice to be satisfied. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control.

The definition of "*Change of Control*" includes a disposition of all or substantially all of the assets of the Issuer and its Subsidiaries, taken as a whole, to certain Persons. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of such phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as a whole. As a result, it may be unclear as to whether a Change of Control has occurred and the decision whether to make an offer to repurchase the Notes as described above will in such circumstance be made in the good faith judgment of the Company.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness), *provided* that the Company and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if, on the Applicable Test Date and after giving *pro forma* effect thereto

(including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is greater than 2.00 to 1.00.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under or pursuant to any Credit Facility), and any Refinancing Indebtedness in respect of such Indebtedness and Guarantees in respect of such Indebtedness, in a maximum aggregate principal amount at any time outstanding not exceeding (a)(I) €4,410,000,000 *less* the aggregate principal amount of Notes issued on the Issue Date, *plus* (II) the Accordion Amount; *plus* (b) in the case of any refinancing or other replacement of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing or replacement (*provided* that, for the avoidance of doubt, Refinancing Indebtedness shall not otherwise be subject to any limit set out in this clause (1));

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary, in each case so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture, *provided* that if the Indebtedness being guaranteed is subordinated to the Notes, then the guarantee shall be subordinated to the same extent as the Indebtedness guaranteed; or

(b) without limiting the covenant described under "*—Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary, in each case so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary (including the Proceeds Loan); *provided* that (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and (b) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes) and any Notes Guarantees thereof, (b) any Indebtedness (other than Indebtedness described in clauses (1) and (3) of this paragraph) of the Company or any Restricted Subsidiary outstanding on the Issue Date (or Incurred after the Issue Date under local lines of credit, bilateral facilities, operating facilities, working capital facilities and/or other arrangements which are in place on the Issue Date), and any Guarantee thereof after giving *pro forma* effect to the Transactions and the application of the proceeds therefrom (as described under "*Use of Proceeds*" in this Offering Memorandum), (c) Refinancing Indebtedness (including with respect to the Notes and any Guarantee thereof) Incurred in respect of any Indebtedness described in this clause (4) or clause (5)(A) of this paragraph or Incurred pursuant to the first paragraph of this covenant and (d) Management Advances and MEP Payments;

(5) Indebtedness (a) of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or another Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary; or (b) Incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary; *provided* that, with respect to each of (a) and (b) of this clause (5), at the time of such acquisition or other transaction the aggregate amount of such Indebtedness Incurred did not exceed (A) any additional Indebtedness to the extent that after giving effect to such acquisition or other transaction (I) the Company or a Restricted Subsidiary would be able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant or (II) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such acquisition or other transaction as a consequence of that acquisition or other transaction; or (B) in the case of Acquired Indebtedness,

such Indebtedness is discharged within six months of Incurrence or would otherwise constitute Indebtedness not prohibited by this covenant;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for *bona fide* hedging purposes of the Company or any Restricted Subsidiary;

(7) Indebtedness represented by Purchase Money Obligations (or any other financing incurred for a similar or equivalent purpose, excluding, however, in connection with the purchase of any Person owning any relevant assets) and any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of (x) €250,000,000 (or its currency equivalent) and (y) 20% of Consolidated EBITDA;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business; (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business; (c) the financing of insurance premiums in the ordinary course of business; and (d) any cash management, cash pooling, net balance or balance transfer or netting or setting off arrangements in the ordinary course of business or any Settlement Indebtedness;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that in the case of any disposition the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within 45 days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 Business Days to banks and other financial institutions Incurred in the ordinary course of business of the Company and/or any of its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and/or any of its Restricted Subsidiaries; or

(d) Indebtedness Incurred in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes (or other similar or equivalent instruments or obligations), in each case Incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, does not exceed the greater of (x) €250,000,000 (or its currency equivalent) and (y) 20% of Consolidated EBITDA;

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other

Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock or otherwise contributed to the equity of the Company (in each case, other than through the issuance of Disqualified Stock, Designated Preference Shares, Parent Debt Contribution, an Excluded Contribution or any amount of an equity contribution used to purchase shares in Vodafone Spain pursuant to the Transactions, as determined by the Company in good faith) (the "**Relevant Net Cash Proceeds**"), in each case, subsequent to the Issue Date; *provided* that (a) any such Relevant Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and its Restricted Subsidiaries Incur Indebtedness in reliance thereon; and (b) any Relevant Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon;

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing or Receivables Facility;

(14) Indebtedness under daylight borrowing facilities Incurred in connection with the Transaction or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is Incurred;

(15) Indebtedness under any overdraft, working capital, current account, letter of credit, local credit line, bilateral financing line, foreign exchange, SWIFT and/or other similar or equivalent facilities or financial accommodation, *provided* that the maximum aggregate principal amount of Indebtedness outstanding under this clause (15) does not exceed the greater of (x) €75,000,000 (or its currency equivalent) and (y) 6% of Consolidated EBITDA;

(16) Indebtedness of Restricted Subsidiaries that are not Guarantors and Guarantees of the obligations of any joint venture; *provided* that the maximum aggregate principal amount of Indebtedness outstanding under this clause (16) does not exceed the greater of (x) €250,000,000 (or its currency equivalent) and (y) 20% of Consolidated EBITDA;

(17) Indebtedness incurred under any instrument issued to or for the benefit of current, former or future management or employees of the Company or any Restricted Subsidiary in respect of any bonus or similar payment and Indebtedness arising in connection with any deposit or advance of funds with or to the Company or any Restricted Subsidiary by a trust or other entity in respect of any MEP, incentive scheme or similar arrangement;

(18) Indebtedness outstanding under any loan notes issued by way of deferred consideration (or other deferred consideration arrangements entered into) in connection with any acquisition which is not prohibited by the terms of the Indenture;

(19) [Reserved];

(20) any Indebtedness arising under clause (4) of the definition of "**Indebtedness**";

(21) any Indebtedness to the extent that the principal amount outstanding is covered by (a) a Bank Guarantee, otherwise expressly permitted by this covenant or (b) a guarantee or similar instrument, in each case issued under the Senior Facilities Agreement or under an ancillary facility (or any equivalent facility) made available under the Senior Facilities Agreement (or any equivalent facility under any Refinancing Indebtedness in respect thereof);

(22) Indebtedness under leasing, vendor financing or similar arrangements entered into in the ordinary course of business (including any such arrangements subsisting in any entity acquired pursuant to an acquisition not prohibited by the terms of the Indenture), *provided* that, with respect to vendor financing only, the maximum aggregate principal amount of Indebtedness outstanding under this clause (22) that constitutes vendor financing does not exceed the greater of (x) €100,000,000 (or its currency equivalent) and (y) 8% of Consolidated EBITDA;

(23) any Indebtedness arising in relation to the discounting or factoring (or other similar or equivalent arrangement) of receivables, bills of exchange and/or inventory (or any other receivables based financing arrangements) up to a maximum aggregate amount (in terms of the outstanding principal amount of Indebtedness at any time and excluding any amount Incurred pursuant to arrangements entered into in the ordinary course of business) of the greater of (x) €200,000,000 (or its currency equivalent) and (y) 16% of Consolidated EBITDA;

(24) Indebtedness under any BACS or similar facility or any other intra-day exposure;

(25) [Reserved];

(26) any Indebtedness arising by operation of law as a result of the existence of a fiscal unity of which any member of the Group is a member and any Indebtedness of the Company or any of the Restricted Subsidiaries arising in connection with any Permitted Tax Restructuring; and

(27) any Indebtedness arising under any unsecured, unguaranteed, financing instruments convertible into subsidies (*deudas transformables en subvenciones*); *provided* that the maximum aggregate principal amount of Indebtedness outstanding under this clause (27) does not exceed the greater of (x) €20,000,000 (or its currency equivalent) and (y) 1.6% of Consolidated EBITDA,

provided further that the aggregate principal amount of Indebtedness Incurred pursuant to the first paragraph of this covenant and clauses (5) and (11) of the second paragraph of this covenant by Restricted Subsidiaries that are not Guarantors (other than the Issuer) shall not exceed the greater of (x) €400,000,000 (or its currency equivalent) and (y) 32% of Consolidated EBITDA at any one time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to, this covenant:

(1) in the event that all or any portion of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness (or any portion thereof) and will only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant; *provided* that all Indebtedness under the Term Loan A, Term Loan B and the Revolving Credit Facility shall be deemed Incurred under clause (1)(a)(I) of the second paragraph of this covenant (and not clause (4)(b)) and may not be reclassified pursuant to this clause;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to the first paragraph above or clause (1), (7), (11) or (12) of the second paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS;

(7) except as otherwise set forth in clause (1) of this paragraph, with respect to any Indebtedness incurred pursuant to a clause limited by reference to a fixed euro amount in the second paragraph of this covenant, if at any time that the Company would be entitled to have Incurred any then outstanding item of Indebtedness pursuant to the first paragraph of this covenant, such item of

Indebtedness shall be automatically reclassified into an item of Indebtedness Incurred pursuant to the first paragraph of this covenant; and

(8) notwithstanding anything in this covenant to the contrary, in the case of any Indebtedness Incurred to refinance Indebtedness initially Incurred in reliance on a clause of the second paragraph of this covenant measured by reference to a percentage of Consolidated EBITDA at the time of an Applicable Test Date, if such refinancing would cause the percentage of Consolidated EBITDA restriction to be exceeded if calculated based on the percentage of Consolidated EBITDA on the Applicable Test Date of such refinancing, such percentage of Consolidated EBITDA restriction shall not be deemed to be exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS, will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be calculated as specified under the definition of Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any Euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on its currency equivalent at the Applicable Test Date, *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced, (b) the Euro Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the currency equivalent of such amount on the Issue Date and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euro, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. Subject to the immediately preceding paragraph, the principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or as Subordinated Shareholder Funding;

(b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value); and

(c) dividends or distributions paid to any Parent Holding Company in respect of Indebtedness of such Parent Holding Company, which is guaranteed by the Company or any Restricted Subsidiary or is otherwise considered Indebtedness of the Company or any Restricted Subsidiary (*provided* that any net proceeds from such Indebtedness are contributed to the equity of the Company or any Restricted Subsidiary in any form or otherwise received (including by way of Indebtedness) by the Company or any Restricted Subsidiary);

(2) purchase, redeem, defease, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent Holding Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal instalment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in this paragraph are referred to herein as a "**Restricted Payment**"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment (or, in the case of clause (a) below, at the option of the Company, at the time the relevant Restricted Payment is committed to):

(a) an Event of Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph under the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (6), (10), (11), (12) and (22) of the second succeeding paragraph below, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first financial quarter commencing prior to the Issue Date to the end of the most recent financial quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company or, as the case may be, the relevant Holding Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date (excluding for this purpose only any amount of an equity contribution used to purchase shares in Vodafone Spain pursuant to the Transactions, as determined by the Company in good faith) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Issue Date (other than

(w) Net Cash Proceeds or assets or marketable securities received from an issuance or sale of such Capital Stock or Subordinated Shareholder Funding to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (x) Net Cash Proceeds or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph, (y) any Parent Debt Contribution and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value of assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding any (y) Parent Debt Contribution and (z) Excluded Contributions;

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued, in each case, as provided in the definition of "**Investment**") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this clause (iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); *provided* that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv);

(v) the amount of the cash and the fair market value of assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Restricted Subsidiary for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Company or a Restricted Subsidiary to the extent that such dividend or distribution does not reduce the amount of Investments outstanding under clauses (11), (17) and (42) of the definition of

"**Permitted Investment**" (other than any cash received and used in accordance with clause (6) of the second succeeding paragraph);

provided that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v) and *provided further* that such amount under this clause (v) shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this clause (c); and

(vi) the greater of (x) €100,000,000 and (y) 8% of Consolidated EBITDA.

The foregoing provisions will not prohibit any of the following (collectively, the "**Permitted Payments**"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock or Designated Preference Shares (together, the "**Retired Share Capital**"), Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares (unless related to purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock or Designated Preference Shares)), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares (unless related to purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock or Designated Preference Shares) or through a Parent Debt Contribution or an Excluded Contribution) of the Company (such Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness, to the extent of the application of such net proceeds for such purposes, the "**Refunding Share Capital**") and if immediately prior to the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Retired Share Capital, the declaration and payment of dividends or other amounts thereon or with respect thereto was permitted under clause (7) of this paragraph, the declaration and payment of dividends or other amounts on the Refunding Share Capital in an aggregate amount per annum not exceeding the aggregate amount of dividends and other amounts per annum that could have been declared and paid pursuant to clause (7) of this paragraph on or with respect to such Retired Share Capital immediately prior to such retirement, *provided* that to the extent so applied, the Net Cash Proceeds, or fair market value of assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the first paragraph of this covenant;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*";

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*";

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness, Disqualified Stock or Preferred Stock:

(a) (1) from Net Available Cash to the extent permitted under the covenant described under "*—Limitation on Sales of Assets and Subsidiary Stock*", but, to the extent applicable, only if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness

plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums);

(b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of a Change of Control (or other similar event described therein as a "**change of control**"), but only (1) if (and to the extent required) the Company shall have first complied with the terms described under "**Change of Control**", and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; and (2) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums); or

(c) (1) consisting of Acquired Indebtedness (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which any Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such acquisition) and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums);

(5) (a) any dividends or other distributions paid within 60 days after the date of declaration if at such date of declaration such dividend or other distribution would have complied with this covenant and (b) any payments associated with the Transactions;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent Holding Company (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent Holding Company to permit any Parent Holding Company to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent Holding Company (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent Holding Company (including any options, warrants or other rights in respect thereof), in each case from Management Investors *provided* that the aggregate price paid of all such repurchased, redeemed, acquired or retired Capital Stock may not exceed an amount (net of repayments of any such loans or advances) equal to €10,000,000 per annum;

(7) the declaration and payment of dividends and other amounts (directly or indirectly) to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, in excess of the dividends declarable and payable thereon pursuant to clause (1) of this paragraph, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent Holding Company or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required (x) for any Parent Holding Company to pay any Parent Holding Company Expenses or any Related Taxes; and (y) to enable a Holding Company of the Company (or any other company which acts as the host of any MEP, incentive scheme or similar arrangement) to:

(i) pay fees, expenses and other costs incurred in acting as, or maintaining its existence as, a Holding Company of the Group and/or host of any MEP, incentive scheme or similar arrangement or arising by operation of law or in the ordinary course of administration of its business as a Holding Company

of the Group (including remuneration payable to employees, directors and officers); and/or

(ii) meet substance requirements for Tax purposes;

(b) the amounts constituting or to be used directly or indirectly for purposes of making payments to the extent specified in the second paragraph under "*—Limitation on Affiliate Transactions*" (other than clauses (1), (6), (9), (10) and (15) thereof) or in connection with Permitted Parent Transactions;

(10) to the extent that no Event of Default has occurred and is continuing when the payment is made or would result from the relevant payment, any payment for the purpose of financing the payment of dividends on the share capital of the Parent in an amount not to exceed 3% of the Market Capitalization of the Parent per annum;

(11) so long as no Event of Default is continuing (or would result from the making of such payments) at the time of payment (or, at the option of the Company, at the time the relevant payment is committed to), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time (excluding capitalized interest) not to exceed the greater of (x) €100,000,000 (or its currency equivalent) and (y) 8% of Consolidated EBITDA, *provided* that if an Investment is made pursuant to this clause (11) in a Person that is not a Restricted Subsidiary of the Company and such Person is subsequently designated a Restricted Subsidiary of the Company pursuant to the Indenture such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "**Permitted Investments**" and not this clause (11);

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent Holding Company to make payments, to holders of Capital Stock of the Company or any Parent Holding Company in lieu of the issuance of fractional shares of such Capital Stock provided that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors of the Company);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) (a) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Issue Date and (b) the declaration and payment of dividends to any Parent Holding Company or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent Holding Company issued after the Issue Date provided that, in the case of (a) and (b), the amount of all dividends declared or paid pursuant to this clause (14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock, a Parent Debt Contribution or an Excluded Contribution or, in the case of Designated Preference Shares by Parent Holding Company or an Affiliate, the issuance of Designated Preference Shares) of the Company or loaned as Subordinated Shareholder Funding to the Company, from the issuance or sale of such Designated Preference Shares;

(15) [Reserved];

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing or Receivables Facility;

(17) payments to fund any amounts which may be required to be paid out in respect of guarantees provided in relation to any contracts (for the avoidance of doubt, other than borrowings) entered into by any member of the Group;

(18) any step or action provided that no payment (whether in cash or in kind) is made to a Person which is not a member of the Group (including a declared but unpaid dividend and *provided*

that, for the avoidance of doubt, any payment obligation arising from any such step or action may be capitalized or remain outstanding as Subordinated Shareholder Funding);

(19) to make payment to a member of any MEP (including payments to members leaving any MEP) or any trust or other person in respect of any MEP, incentive scheme or similar arrangement or pay any costs and expenses properly incurred in the establishing and maintaining of any MEP, incentive scheme or similar arrangement (*provided* that, for the avoidance of doubt, nothing in the Indenture shall prohibit any payments to, or the acquisition of shares or other interests or investments of, employees or management that comply with this covenant);

(20) for repayment or refinancing of amounts outstanding under any loan made in connection with an MEP, incentive scheme or similar arrangement or capitalization of such loans;

(21) any payment, step, action or matter arising in connection with any actual, proposed or future payment of Tax (including as a consequence of any 'group contributions' or similar or equivalent arrangements);

(22) so long as no Event of Default is continuing at the time of payment (or, at the option of the Company, at the time the relevant payment is committed to), any dividend, distribution, loan or other payment provided that the Consolidated Net Leverage Ratio on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment does not exceed 2.25 to 1.00;

(23) any payment in connection with the Transaction and payment of, and any dividend or other loan or distribution by the Company or any Restricted Subsidiary of the Company to fund the payment of, fees and expenses incurred in connection with the Transaction; and

(24) distributions or deemed distributions pursuant to arrangements made between the Company and/or any of its Restricted Subsidiaries and any Parent Holding Company for the purposes of sharing tax losses or other tax relief with any Parent Holding Company.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments, is permitted pursuant to the first two paragraphs of this covenant or constitutes a Permitted Investment, the Company will be entitled to classify such Restricted Payment or Investment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as a Permitted Investment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the Applicable Test Date for such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined as described under "*Certain Definitions—"fair market value"*".

Limitation on Liens

Zegona Midco (only with respect to the assets it has pledged as Collateral) and the Company will not, and the Company will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien, in each case, to secure any Indebtedness, upon any of its assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "**Initial Lien**"), except (1) in the case of any asset that does not constitute Collateral, (a) Permitted Liens or (b) Liens on assets that are not Permitted Liens if, subject to the Agreed Security Principles, the Notes and the Indenture (or a Notes Guarantee in the case of Liens in respect of a Guarantor) are directly secured equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (2) in the case of any asset that constitutes Collateral, Permitted Collateral Liens.

Any Lien created in favor of the Notes, the Notes Guarantees and the Indenture pursuant to clause (1)(b) of the preceding paragraph will be automatically and unconditionally released and discharged (i) upon the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement and/or under the relevant Security Document.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "**Increased Amount**" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary that is not the Issuer or a Guarantor to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of (a) the Company to make payments required under the Proceeds Loan or (b) any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company;

(2) make any loans or advances to the Company; or

(3) sell, lease or transfer any of its property or assets to the Company,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility, the Intercreditor Agreement and any Additional Intercreditor Agreement and (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date or on any applicable date on which any Permitted Collateral Lien securing the Notes is granted;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "**Initial Agreement**") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided* that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the New Senior Facilities Agreement, the Senior Facilities Agreement and the Intercreditor Agreement, together with the Security Documents associated therewith as in effect on the Issue Date, or those contained in any Additional Intercreditor Agreement or (ii) in comparable financings (as determined in good faith by the Company) or where either (x) the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes or (y) such encumbrance or restriction applies only during the continuance of a default relating to such agreement or instrument;

(12) any encumbrance or restriction existing by reason of any Lien permitted under "*—Limitation on Liens*"; or

(13) restrictions effected in connection with a Qualified Receivables Financing or a Receivables Facility that, in the good faith determination of the Company, are necessary or advisable to effect such Qualified Receivables Financing or such Receivables Facility.

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or a Restricted Subsidiary receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of

contractually agreeing to such Asset Disposition), as determined in good faith by the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration for such Asset Disposition received by the Company or such Restricted Subsidiary, as the case may be, is in the form of Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto or, if Incurred, increased or decreased subsequent to the date of such balance sheet, such liabilities that would have been reflected in the Company's or such Restricted Subsidiary's balance sheet or in the notes thereto if such Incurrence, increase or decrease had taken place on the date of such balance sheet, as reasonably determined in good faith by the Company) of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes) that are assumed by the transferee (or a third party on behalf of the transferee) of any such assets or equity interests or that are otherwise cancelled or terminated in connection with the transaction with such transferee;

(b) any notes or other obligations or other securities or assets received by the Company or such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 365 days of the receipt thereof (to the extent of the cash or Cash Equivalents received);

(c) any Designated Non-cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Disposition having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed the greater of (x) €250,000,000 and (y) 20% of Consolidated EBITDA of the Company and its Restricted Subsidiaries for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of calculation, at the time of the receipt of such Designated Non-cash Consideration (with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value);

(d) Indebtedness of any Restricted Subsidiary of the Company that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Disposition; and

(e) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary received from Persons who are not the Company or a Restricted Subsidiary,

shall each be deemed to be Cash Equivalents for the purposes of this provision; and

(3) an amount equal to the Required Percentage (as defined below) of the Net Available Cash from such Asset Disposition is directly or indirectly applied by the Company or any relevant Restricted Subsidiary, as the case may be:

(a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a Restricted Subsidiary that is not a Guarantor or the Issuer (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary), Pari Passu Indebtedness (excluding Public Debt), Indebtedness under the Senior Facilities Agreement, the New Senior Facilities Agreement and/or Indebtedness Incurred under clauses (1), (11) and/or (15) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" (or in each case any Refinancing Indebtedness in respect thereof) within fifteen calendar months from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided* that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), where applicable, the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related

commitment (if any) (except in the case of any revolving Indebtedness, including, but not limited to, the Revolving Facility) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums) to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness that is Public Debt pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of the Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by, at its option, (x) redeeming Notes as provided under "**Optional Redemption**" and/ or (y) purchasing Notes through open market purchases or in privately negotiated transactions at market prices (which may be below par) and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof); (iii) to purchase Notes through open market purchases or in privately negotiated transactions at market prices (which may be below par); (iv) to make (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer (which offer shall be deemed to be an Asset Disposition Offer for purposes hereof), and/or (v) to redeem any series of Notes as described under "**Optional Redemption**"; or

(b) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) or otherwise in the business of the Group within fifteen calendar months from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; *provided* that (i) any such reinvestment made pursuant to a definitive binding agreement or a commitment that is executed or approved within such time; and (ii) any such reinvestment designated by the Company within such time, will satisfy this requirement, so long as such investment is consummated within fifteen calendar months of the last day of such fifteen calendar month-period; or

(c) to make a capital expenditure within fifteen calendar months from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided* that any such capital expenditure made pursuant to a definitive binding agreement or a commitment that is executed or approved within such time will satisfy this requirement, so long as such capital expenditure is consummated within fifteen calendar months of the last day of such fifteen calendar month-period; or

(d) any combination of the foregoing;

provided, further, that (1) pending the final application of any such Net Available Cash in accordance with clause (a) through (d) above, the Company and the Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture, and (2) the Company (or any Restricted Subsidiary, as the case may be) may elect to invest in Additional Assets prior to receiving the Net Available Cash attributable to any given Asset Disposition (*provided* that such investment shall be made no earlier than the earliest of notice to the Trustee of the relevant Asset Disposition, execution of a definitive binding agreement or commitment for the relevant Asset Disposition or consummation of the relevant Asset Disposition) and deem the amount so invested to be applied pursuant to and in accordance with clause (b) above with respect to such Asset Disposition.

Notwithstanding the foregoing, to the extent that a distribution of any or all of the Net Available Cash of any Asset Disposition by a Subsidiary to the Company or another Restricted Subsidiary (to the extent necessary to comply with this covenant) is prohibited or delayed by applicable local law (including financial assistance and corporate benefit restrictions and fiduciary and statutory duties of the relevant directors) or would result in material adverse Tax consequences to the Company or any of the Restricted Subsidiaries, in each case, as determined by

the Company in its sole discretion, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant.

Subject to the two following paragraphs, any Net Available Cash from Asset Dispositions that is not applied or invested, committed or designated to be applied or invested as provided for in clause (3) of the first paragraph of this covenant will be deemed to constitute "**Excess Proceeds**" under the Indenture. On the first day following the completion of a fifteen calendar month-period after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds the greater of (x) €250,000,000 and (y) 20% of Consolidated EBITDA and has not been committed in accordance with clauses (3)(b) or (3)(c) of the first paragraph of this covenant (or if so committed, has not been applied or invested in accordance with such commitment within the relevant period), the Company will be required to make an offer (an "**Asset Disposition Offer**") to all holders of Notes issued under the Indenture and, to the extent the Company elects, to holders of all or any other outstanding Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be repaid, prepaid or purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, at an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, in each case, plus accrued and unpaid interest (together with any applicable prepayment or redemption premiums), if any, to, but not including, the date of repayment, prepayment or purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and, in the case of the Euro Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof and, in the case of the Dollar Notes, in minimum denominations of $200,000 and in integral multiples of $1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any purpose not prohibited by the terms of the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness tendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be repaid, prepaid or purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be deemed to be reset at zero. To the extent that any portion of Net Available Cash payable in respect of the Notes or Pari Passu Indebtedness is denominated in a currency other than the currency in which the relevant Notes or Pari Passu Indebtedness are denominated, the amount thereof payable in respect of tendered Notes and Pari Passu Indebtedness shall not exceed the net amount of funds in the currency in which such Notes and Pari Passu Indebtedness are denominated that is actually received by the Company or a Restricted Subsidiary upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than five Business Days following its commencement (the "**Asset Disposition Offer Period**"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "**Asset Disposition Purchase Date**"), the Company will purchase (or procure the purchase of) the aggregate principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be repaid, prepaid or purchased pursuant to this covenant (the "**Asset Disposition Offer Amount**") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and, in the case of the Euro Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof and, in the case of the Dollar Notes, in minimum denominations of $200,000 and in integral multiples of $1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase.

For the avoidance of doubt, there shall be no requirement to offer to apply any Excess Proceeds in prepayment of any revolving facility.

For the purpose of this covenant, "**Required Percentage**" shall mean:

(1) 100%, if at the time of application the Consolidated Net Leverage Ratio (adjusted to give effect to any relevant purchase, prepayment and/or other application assuming that all relevant holders of Indebtedness accept that prepayment and/or other application) is greater than 3.10 to 1.00;

(2) 50%, if at the time of application the Consolidated Net Leverage Ratio (adjusted as if any relevant prepayment and/or other application had taken place on the last day of the relevant measurement period and assuming that all relevant holders of Indebtedness accept that prepayment and/or other application) is greater than 2.60 to 1.00 but less than or equal to 3.10 to 1.00; and

(3) 0%, if at the time of application the Consolidated Net Leverage Ratio (adjusted as if any relevant prepayment and/or other application had taken place on the last day of the relevant measurement period and assuming that all relevant holders of Indebtedness accept that prepayment and/or other application) is less than or equal to 2.60 to 1.00.

For the avoidance of doubt, any amount of Net Available Cash from any Asset Disposition which is not required to be applied in accordance with clause (3) of the first paragraph of this covenant above as a result of such amount being in excess of the Required Percentage shall not constitute Excess Proceeds.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "**Affiliate Transaction**") involving aggregate value in excess of the greater of (x) €65,000,000 (or its currency equivalent) and (y) 5% of Consolidated EBITDA, unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of the greater of (x) €125,000,000 (or its currency equivalent) and (y) 10% of Consolidated EBITDA, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company resolving that such transaction complies with clause (1) above.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—*Limitation on Restricted Payments*," any Permitted Payment (other than pursuant to clause (9)(b) of the second paragraph of the covenant described under "—*Limitation on Restricted Payments*") or any Permitted Investment;

(2) any issuance or sale of Capital Stock, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Holding Company restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement,

savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Company, in each case in the ordinary course of business;

(3) any Management Advances, any transaction pursuant to or in connection with an MEP, incentive scheme or similar arrangement (including any MEP Payment) and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Company or any Restricted Subsidiary under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering, and the performance of any agreement, the entry into which satisfies the requirements of this covenant;

(7) the execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination or (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture;

(11) any transaction with the Vodafone Group (other than transactions with respect to the Capital Stock of the Group or any Parent Holding Company);

(12) payment to any Permitted Holder of all reasonable out-of-pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries;

(13) any transaction effected as part of a Qualified Receivables Financing or a Receivables Facility;

(14) any transition services arrangement, supply arrangement or similar arrangement entered into in connection with or in contemplation of the disposition of assets or Capital Stock in any

Restricted Subsidiary permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" or entered into with any Business Successor, in each case, that the Company determines in good faith is either fair to the Company or otherwise on customary terms for such type of arrangements in connection with similar transactions; and

(15) transactions in which the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph.

Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 150 days after the end of the first fiscal year of the Company ending after the Issue Date, and within 120 days after the end of each of the Company's fiscal years thereafter, an annual report containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Company as of the end of the most recent two fiscal years and audited consolidated income statements and statements of cash flow of the Company for the most two recent fiscal years, including customary footnotes to such financial statements and the report of the independent auditors on the financial statements, *provided* that in respect of any period commencing prior to the Issue Date, the audited consolidated financial statements of Vodafone Spain shall be provided in place of the audited consolidated financial statements of the Company; (b) unaudited *pro forma* income statement information and balance sheet information of the Company (to the extent *pro forma* information has not previously been provided by the Company, and which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not available), together with explanatory footnotes, for any material acquisitions (other than the Acquisition), dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies, with a similar scope to that included in this Offering Memorandum; (d) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 90 days after the end of the first fiscal quarter of the Company ending after the Issue Date and within 60 days after the end of each of the Company's first and third fiscal quarters thereafter (those currently ending on June 30 and December 31), a quarterly report containing unaudited condensed consolidated financial information of the Company as of the end of such quarter or for such quarter: revenue, EBITDA, long term indebtedness and selected key performance indicators;

(3) within 90 days after the end of the second fiscal quarter of the Company ending after the Issue Date and within 60 days after the end of each of the Company's second fiscal quarters thereafter (those currently ending on September 30), a report containing the following information: (a) unaudited condensed consolidated financial information of the Company as of the end of such quarter or for such quarter: revenue, EBITDA, long term indebtedness and selected key performance indicators; (b) an unaudited condensed consolidated balance sheet of the Company as of the end of such quarter and unaudited condensed statements of income and cash flow of the Company for the most recent six-month period ending on the unaudited condensed balance sheet date, and the comparable prior year period of the Company, together with condensed footnote disclosure, *provided* that in respect of any period commencing prior to the Issue Date, the unaudited consolidated financial statements of Vodafone Spain shall be provided in place of the unaudited consolidated financial statements of the Company; (c) unaudited *pro forma* income statement information and balance sheet information of the Company (to the extent *pro forma* information has not previously been provided by the Company, which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not available), together with explanatory footnotes, for any material acquisitions (other than the Acquisition), dispositions or recapitalizations that have occurred since the beginning of the relevant six-month period; (d) an operating and financial review of the unaudited financial

statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (e) material recent developments; and

(4) promptly after the occurrence of any material acquisition or disposition or change in auditors of the Company, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect); *provided*, *however*, that the reports set forth in clauses (1), (2), (3) and (4) above may, in the event of a change in applicable IFRS, present earlier periods on a basis that applied to such periods. Except as provided for in this covenant, no report need include separate financial statements for any Subsidiaries of the Company. The filing of an Annual Report on Form 20-F within the time period specified in clause (1) will satisfy such provision so long as such report is also provided to the Trustee. At the Company's election it may also comply with the provisions of this covenant by including financial statements of a Parent Holding Company of the Company or those of Vodafone Spain (as applicable) in lieu of those for the Company and as if references to the Company above were to such Parent Holding Company or Vodafone Spain; *provided* that, if the financial statements of such a Parent Holding Company or Vodafone Spain (as applicable) are included in such report, a reasonably detailed description of material differences between the financial statements of such Parent Holding Company or Vodafone Spain (as applicable) and the Company shall be included in such respect for any period commencing after the Issue Date. During any annual or quarterly period in which the Capital Stock of the Company, Vodafone Spain or a Parent Holding Company is listed on a recognized stock exchange, the requirements of this covenant shall be considered to have been fulfilled for all purposes if the Company, Vodafone Spain or such Parent Holding Company (as applicable) files a report for such period and complies with the reporting requirements of such stock exchange, provided the proviso in the immediately prior sentence is complied with.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if and only if the entity or business acquired or disposed of represents greater than 20% of the Company's *pro forma* adjusted EBITDA as of and for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1), (2) and (3) of the first paragraph of this covenant shall include a reasonably detailed presentation, either in the financial statements or in a supplement thereto, of (i) the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries or (ii) the financial condition and results of operations of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise).

Substantially concurrently with the issuance to the Trustee of the reports or statement specified in clauses (1), (2), (3) and (4) of the first paragraph or the second paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports or statement on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports or statement available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports or statement to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (4) of the first paragraph of this covenant, if and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and if and to the extent that the rules of the Luxembourg Stock Exchange so require.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of any information, documents and reports to the Trustee pursuant to this section is for information purposes, and the Trustee's receipt shall not constitute actual or constructive knowledge or notice of any information contained therein, including the Company's compliance with any of its covenants under the Indenture.

Merger and Consolidation

The Issuer and the Company

Neither the Issuer nor the Company will consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) either the Issuer or the Company is the surviving entity or the resulting, surviving or transferee Person (the "**Successor Issuer**" in the case of such a transaction involving the Issuer or the "**Successor Company**" in the case of such a transaction involving the Company) will be a Person organized and existing under the laws of any member state of the European Union, the United Kingdom or the United States of America, any state or commonwealth of the United States of America or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Issuer (if not the Issuer) or the Successor Company (if not the Company), as the case may be, will expressly assume (a) by supplemental indenture, executed and delivered to the Trustee, in a form reasonably satisfactory to the Trustee, all the obligations of the Issuer or the Company, as the case may be, under the Notes and the Indenture or of the Company under its Notes Guarantee, as the case may be, and (b) all obligations of the Issuer under the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement);

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Issuer or Successor Company or any Subsidiary of the Successor Issuer or Successor Company, as applicable, as a result of such transaction as having been Incurred by the Successor Issuer or the Successor Company, as applicable, or such Subsidiary of the Successor Issuer or Successor Company, as applicable, at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) on the Applicable Test Date, either (a) the Company or the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Issuer or the Successor Issuer, or the Company or the Successor Company, as applicable, shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) complies with the Indenture, and that all conditions precedent provided for therein relating to such transaction have been complied with or satisfied, and that the assumption (if any) of obligations under clause (1) above constitutes the legal, valid and binding obligation of the Successor Issuer or the Successor Company, as applicable. The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel without independent verification.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*."

For the purpose of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Issuer or the Successor Company, as the case may be, will succeed to, and be substituted for, and may exercise every right and power of, the Issuer or the Company, as the case may be, under the Indenture, but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2) and (3) (which do not apply to transactions referred to in this sentence) and, other than with respect to the second preceding paragraph and clause (4) of the first paragraph of this covenant, (a) any Restricted Subsidiary (other than the Issuer) may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company, (b) any Restricted Subsidiary (other than the Issuer) that is not a Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer

all or part of its properties and assets to any other Restricted Subsidiary and (c) the Company and the Restricted Subsidiaries may undertake the Transactions. Notwithstanding the preceding clause (3) (which does not apply to the transactions referred to in this sentence), the Issuer or the Company, as the case may be, may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Issuer or the Company, as applicable, reincorporating the Issuer or the Company, as the case may be, in another jurisdiction, or changing the legal form of the Issuer or the Company, as the case may be.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new Subsidiary as a Restricted Subsidiary or an IPO Pushdown.

Subsidiary Guarantors

No Guarantor that is a Subsidiary of the Company (excluding for the avoidance of doubt, the Issuer, a "**Subsidiary Guarantor**") may:

(1) consolidate with or merge with or into any Person;

(2) sell, convey, transfer or dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Subsidiary Guarantor, unless:

(A) the other Person is the Company, the Issuer or any Restricted Subsidiary that is a Guarantor (or becomes a Guarantor concurrently with the transaction); or

(B) (I) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes (in each case subject to any limitations contemplated by the Agreed Security Principles) all of the obligations of the Guarantor under its Guarantee and the Security Documents (and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement); and

(II) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause (B) and the provisions described above under "*—Merger and Consolidation—The Issuer and the Company*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary (other than the Issuer) may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to a Subsidiary Guarantor, (b) any Subsidiary Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Subsidiary Guarantor and (c) the Subsidiary Guarantors may undertake the Transactions. Notwithstanding the preceding clause (B)(II) (which does not apply to the transactions referred to in this sentence), a Subsidiary Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Subsidiary Guarantor reincorporating the Subsidiary Guarantor in another jurisdiction, or changing the legal form of the Subsidiary Guarantor.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Additional Notes Guarantees

The Company will not cause or permit any of its Restricted Subsidiaries that is not a Guarantor (other than the Issuer), directly or indirectly, to Guarantee any Indebtedness under the New Senior Facilities Agreement, the Senior Facilities Agreement (or any other Credit Facility that is Incurred under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or any Public Debt in a principal amount in excess of €200,000,000, in whole or in part, unless, in each case, but subject to the Agreed Security Principles, such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if

applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee, which Notes Guarantee will be senior to or pari passu with such Restricted Subsidiary's Guarantee of such other Indebtedness, as applicable.

A Restricted Subsidiary that is not a Guarantor (other than the Issuer) may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Notes Guarantee.

Future Notes Guarantees granted pursuant to this provision shall be released as set forth under "*The Notes Guarantees*." A Notes Guarantee of a future Guarantor may also be released at the option of the Company if at the date of such release there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, reasonably requested by, and at the cost of, the Company to effectuate any release of a Notes Guarantee in accordance with these provisions, subject to the delivery of an Officer's Certificate and an Opinion of Counsel stating that such release or waiver is permitted by the Indenture and Intercreditor Agreement and subject to customary protections and indemnifications.

Each such additional Notes Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Company shall not be obligated to cause any Restricted Subsidiary to Guarantee the Notes or provide security to the extent and for so long as the Incurrence of such Notes Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary; or (4) an inconsistency with the Intercreditor Agreement or the Agreed Security Principles. The validity and enforceability of the Notes Guarantees and the security interests with respect to the Collateral and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—The Notes Guarantees and the Collateral securing the Notes will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defences that may limit their validity and enforceability*" and "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security.*"

Impairment of Security Interest

Zegona Midco (only with respect to the assets it has pledged as Collateral) and the Company shall not, and the Company shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens, or the confirmation or affirmation of security interests in respect of the Collateral, shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and Zegona Midco and the Company shall not, and the Company shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral that is prohibited by the covenant entitled "*—Limitation on Liens*"; *provided* that Zegona Midco, the Company and any Restricted Subsidiary may Incur any Lien over any of the Collateral that is not prohibited by the covenant entitled "*—Limitation on Liens*," including Permitted Collateral Liens, and the Collateral may be discharged, transferred, used up, subject to wear or damage, or released in any circumstances not prohibited by the Indenture, the Intercreditor Agreement or the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Lien in accordance with the Indenture and the Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an

immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) undertake a Permitted Reorganization or Permitted Tax Restructuring; or (v) make any other change thereto that does not adversely affect the Holders in any material respect; *provided* that (except where permitted by the Indenture or the Intercreditor Agreement or to effect or facilitate the creation of Permitted Collateral Liens for the benefit of the Security Agent and holders of other Indebtedness Incurred in accordance with the Indenture), no Security Document may be amended, extended, renewed, restated or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Security Agent and the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Security Agent and the Trustee, from an Independent Financial Advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same asset), (2) a certificate from the chief financial officer or the Board of Directors of the relevant Person which confirms the solvency of the person granting any such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release, or (3) an Opinion of Counsel (subject to any qualifications customary for this type of Opinion of Counsel), in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement and to which the new Indebtedness secured by the Permitted Collateral Lien is not subject.

In the event that Zegona Midco, the Company, the Restricted Subsidiaries comply with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such actions without the need for instructions from the Holders.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to such Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Limitation on Affiliate Transactions*," "*—Additional Guarantees*" and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Issuer and the Company*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and the Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not be of any effect with regard to actions of the Company properly taken during the continuance of a Suspension Event and no default will be deemed to have occurred solely by reason of an Applicable Transaction made during the continuance of a Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of a Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first two paragraphs of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*." The Company shall notify the Trustee and the Holders that the conditions under this covenant have been satisfied, although such notification shall not be a condition for the suspension of the covenants set forth above to be effective.

Financial Calculations

When calculating the satisfaction of or availability under any Applicable Metric in the Indenture in connection with any Applicable Transaction, the date of determination of such Applicable Metric shall, at the option of the Company, be any Applicable Test Date. If the Company elects to determine any Applicable Metric as of any Applicable Test Date, it shall give *pro forma* effect to any other Applicable Transactions that have occurred up to (and including) such Applicable Test Date; provided that the *pro forma* calculation may exclude any non-recurring fees, costs and expenses attributable to any Applicable Transaction.

If compliance with an Applicable Metric is established in accordance with the preceding paragraph, such Applicable Metric shall be deemed to have been complied with (or satisfied) for all purposes; provided that (a) the Company may elect, in its sole discretion, to recalculate any Applicable Metric on the basis of a more recent Applicable Test Date, in which case, such date of redetermination shall thereafter be deemed to be the relevant Applicable Test Date for purposes of such Applicable Metrics; and (b) save as contemplated in clause (a) above, compliance with any Applicable Metric shall not be determined or tested at any time after the relevant Applicable Test Date for such transaction and any actions or transactions related thereto.

If any Applicable Metric for which compliance was determined or tested as of an Applicable Test Date would at any time after the Applicable Test Date have been exceeded or otherwise failed to have been complied with as a result of fluctuations in such Applicable Metric (or any other Applicable Metric), such Applicable Metric will not be deemed to have been exceeded or failed to have been complied with as a result of such fluctuations.

If any related requirements and conditions (including as to the absence of any continuing Default or Event of Default) for which compliance or satisfaction was determined or tested as of the Applicable Test Date would at any time after the Applicable Test Date not have been complied with or satisfied (including due to the occurrence or continuation of a Default or an Event of Default), such requirements and conditions will not be deemed to have been failed to be complied with or satisfied (and such Default or Event of Default shall be deemed not to have occurred or be continuing).

If an item of Indebtedness (or any portion thereof) is committed, incurred or issued, any Lien is committed or incurred or any other transaction is undertaken or any Applicable Metric is tested in reliance on a ratio-based basket based on the Fixed Charge Coverage Ratio, the Consolidated Senior Secured Leverage Ratio, the Consolidated Net Leverage Ratio or any other ratio based Applicable Metric, such ratios shall be calculated without regard to the Incurrence of any Indebtedness to finance the working capital needs of the Company and its Restricted Subsidiaries under any revolving facility, letter of credit facility or bank guarantee facility and/or other debt which is available to be re-drawn (including under any Revolving Facility, any guarantee facility or any ancillary facility under the Senior Facilities Agreement) and, for the avoidance of doubt, any undrawn commitments for Indebtedness (including under a Revolving Facility or guarantee facility) shall be disregarded for the purposes of testing of such ratio based Applicable Metric.

If a proposed action, matter, transaction or amount (or a portion thereof) is incurred or entered into pursuant to a numerical permission and at a later time would subsequently be permitted under a ratio-based permission, unless otherwise elected by the Company, such action, matter, transaction or amount (or a portion thereof) shall automatically be reclassified to such ratio-based permission.

For any relevant Applicable Metric set by reference to a fiscal year, a calendar year, a four-quarter period or any other similar annual period (each an "**Annual Period**"):

(1) at the option of the Company, the maximum amount so permitted under such Applicable Metric during such Annual Period may be increased by: (A) an amount equal to 100% of the difference (if positive) between the permitted amount in the immediately preceding Annual Period (for the avoidance of doubt, without giving effect to any amounts carried forward from any financial year prior to the immediately preceding financial year) and the amount thereof actually used or applied by the Group during such preceding Annual Period (the "**Carry Forward Amount**"); and/or (B) an amount equal to 100% of the permitted amount in the immediately following Annual Period and the permitted amount in such immediately following Annual Period shall be reduced by such corresponding amount (the "**Carry Back Amount**"); and

(2) to the extent that the maximum amount so permitted under such Applicable Metric during such Annual Period is increased in accordance with clause (1) above, any usage of such Applicable Metric during such Annual Period shall be deemed to be applied in the following order: (A) first, against the Carry Forward Amount; (B) second, against the maximum amount so permitted

during such Annual Period prior to any increase in accordance with clause (1) above; and (C) third, against the Carry Back Amount.

Notwithstanding anything to the contrary in the Indenture, when calculating any financial definition or ratio under the Indenture the Company shall be permitted to exclude all or any part of any expenditure or other negative item (and/or the impact thereof) directly or indirectly relating to or resulting from (i) the Transaction; (ii) any other acquisition, Investment or other joint venture permitted by the terms of the Indenture or the impact from purchase price accounting; (iii) start-up costs for new businesses and branding or re-branding of existing businesses; (iv) costs or expenses relating to employee relocation, retraining, severance and termination, business interruption, reorganization and other restructuring or cost cutting measures, the rationalization, re branding, start up, reduction or elimination of product lines, assets or businesses, the consolidation, relocation or closure of retail, administrative or production locations and other similar items (for the avoidance of doubt, excluding any related capital expenditure); and/or (v) research and development expenditure (and the capitalization thereof).

In the Indenture, "**currency equivalent**" shall mean the equivalent in any currency (the "**first currency**") of an amount in another currency (the "**second currency**") as determined by the Company by reference to an amount in the first currency which could be purchased with that amount in the second currency at an exchange rate that is any of the following, at the option of the Company: (i) the prevailing rate of exchange as determined by the Company (acting reasonably); (ii) the weighted average exchange rate for the applicable measurement period used by the Company to calculate Consolidated EBITDA (as determined by the Company); (iii) any applicable conversion rate used in any relevant financial statements or management accounts; (iv) any applicable conversion rate selected by the Company (acting reasonably and in good faith) as of the relevant date of determination; or (v) any applicable conversion rate under any Currency Agreement or other currency hedging arrangement entered into by any member of the Group.

Except as otherwise provided herein, the Company shall be responsible for making all calculations called for under the Notes. These calculations include, but are not limited to, determinations of any Change of Control Offer, the Applicable Metric, the Carry Forward Amount, the Carry Back Amount, any currency equivalent, any Applicable Premium, and accrued interest payable on the Notes. The Company shall make all these calculations in good faith and, absent manifest error, the Company's calculations shall be final and binding on Holders. The Trustee and any agent under the Indenture shall have no duty to monitor or verify the accuracy of the Company's calculations, and shall be entitled to rely conclusively and without liability upon the accuracy of the Company's calculations without independent verification.

Events of Default

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in any payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer, the Company, any of the Restricted Subsidiaries or, solely in connection with the covenants described under "*Certain Covenants—Limitation on Liens*" *and* "*Certain Covenants—Impairment of Security Interest*," Zegona Midco, to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of at least 30% in aggregate principal amount of the outstanding Notes with any other agreement or obligation contained in the Indenture (other than a default in performance or breach of a covenant or agreement which is specifically dealt with in clauses (1) or (2) above);

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Zegona Midco, the Issuer, the Company or any Restricted Subsidiary (or the payment of which is Guaranteed by Zegona Midco, the Issuer, the Company or any Restricted Subsidiary) other than Indebtedness owed to the Issuer, the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("**payment default**"); or

(b) results in the acceleration of such Indebtedness prior to its maturity (the "**cross acceleration provision**"),

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €150,000,000 or more;

(5) certain events of bankruptcy, insolvency or court protection of Zegona Midco, the Issuer, the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and the Restricted Subsidiaries), would constitute a Significant Subsidiary (the "**bankruptcy provisions**");

(6) failure by the Issuer, the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and the Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €150,000,000 (exclusive of any amounts covered by indemnities provided by a solvent insurance company or that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the receipt of notice as described in the next succeeding paragraph after such judgment becomes final and due, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "**judgment default provision**");

(7) any security interest under the Security Documents on any Collateral having a fair market value in excess of €150,000,000 shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture) for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any Restricted Subsidiary shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 60 days (the "**security default provisions**"); and

(8) any Notes Guarantee of the Company or a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Notes Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Notes Guarantee and any such Default continues for ten days (the "**guarantee provisions**").

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee notifies the Company, or the Holders of 30% in aggregate principal amount of the outstanding Notes notify the Company and the Trustee, of the default and, with respect to clauses (3), (4) and (6), the Company does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

Notwithstanding any other term of the Indenture or the Intercreditor Agreement or any Security Document (i) no Permitted Reorganization and (ii) no Excluded Event, shall (or shall be deemed to) constitute, or result in, a breach of any representation, warranty, undertaking or other term in the Indenture or any Security Document, or a Default or an Event of Default.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by written notice to the Company or the Holders of at least 30% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "**Events of Default**" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict

with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived. The Trustee shall not be deemed to have notice of any Default or Event of Default unless a written notice of any event which is in fact such a Default or Event of Default is received by a responsible officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and the Indenture.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any, on any Note, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences (including the payment default that resulted from such acceleration) if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

The Indenture will provide that (i) if a Default for a failure to report or failure to deliver a required certificate in connection with another default (the "**Initial Default**") occurs, then at the time such Initial Default is cured, such Default for a failure to report or failure to deliver a required certificate in connection with another default that resulted solely because of that Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured, and any declaration of acceleration of the Notes resulting therefrom shall be automatically annulled, upon the delivery of any such report required by such covenant or such notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee and, if requested, the Trustee has received, indemnity and/or security and/or cost and fee cover (including by way of pre-funding) satisfactory to the Trustee against any loss, liability, fees or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing and, if requested, provided to the Trustee security and/or indemnity and/or cost and fee cover (including by way of pre-funding) satisfactory to it against any loss, liability, fees or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity and/or cost and fee cover (including by way of pre-funding); and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing of which a responsible officer of the Trustee has received written notice as described above, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. The Trustee is not required to expend or risk its own funds and prior to taking any action under the Indenture, the Trustee will be entitled to

indemnification and/or security and/or cost and fee cover satisfactory to it against all losses, liabilities, fees and expenses caused or incurred by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as a committee of trust officers of the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year (or in the case of the first fiscal year of the Company ending after the Issue Date, within 150 days of the end thereof), an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

The Indenture will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or compensated (including by way of pre-funding) to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity, security and/or cost or fee cover (including by way of pre-funding) to it, and it will be for Holders to take action directly.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Trustee may assume without inquiry, in the absence of written notice, that the Company is duly complying with its obligations contained in the Indenture required to be observed and performed by it, and that no Default or Event of Default or other event that would require repayment of the Notes has occurred.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes); *provided* that, if any amendment, waiver or other modification will only amend one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required. However, without the consent of Holders holding not less than 90% of the then outstanding aggregate principal amount of Notes affected, an amendment or waiver may not, with respect to any such series of the Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "*Optional Redemption*" or "*Redemption for Taxation Reasons*";

(5) make any such Note payable in currency other than that stated in such Note;

(6) impair the contractual right of any Holder to institute suit for the enforcement of any payment of principal of, or interest or Additional Amount, if any, on or with respect to such Holder's Notes on or after the due dates thereof;

(7) make any change in the provision of the Indenture described under "*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes

described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release all or substantially all security interests granted for the benefit of the Holders in the Collateral (taken as a whole) other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement and the Indenture; *provided* that, for the avoidance of doubt and without prejudice to the covenant described under the heading "*Certain Covenants—Impairment of Security Interest*," the release of less than all or substantially all security interests granted for the benefit of the Holders in the Collateral (taken as a whole) shall only require at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for the Notes);

(9) release any Guarantor from any of its obligations under its Notes Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;

(10) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of the Holders of at least 80% in aggregate principal amount of the Notes then outstanding, no amendment or waiver may (A) make any change in any Security Document or the provisions in the Indenture dealing with Collateral or application of trust proceeds of the Collateral with the effect of releasing the Liens on all or substantially all of the Collateral which secure the obligations in respect of the Notes or (B) change or alter the priority of the Liens securing the obligations in respect of the Notes in any material portion of the Collateral in any way materially adverse, taken as a whole, to the Holders, other than, in each case, as provided under the terms of the Indenture, the Security Documents or the Intercreditor Agreement.

For the avoidance of doubt, no amendment to, or deletion of, or actions taken in compliance with, the covenants described under "*Certain Covenants*" shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or interest or premium, if any, on the Notes.

Notwithstanding the foregoing, without the consent of any Holder, the Company, any Guarantor, the Trustee and the other parties thereto, as applicable, may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Company or any Guarantor under any Note Document in compliance with the Indenture;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 4701(b)(1)(B) of the Code);

(4) add to the covenants or provide for a Notes Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(5) make any change that would provide additional rights or benefits to the Trustee or the Holders or make any change (including changing the ISIN or other identifying number on any Notes) that does not adversely affect the rights of the Trustee or any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes permitted under the Indenture;

(7) to provide for any Restricted Subsidiary to provide a Notes Guarantee in accordance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Additional Guarantees*," to add Notes Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document;

(9) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Senior Facilities Agreement, in any property which is required by the Senior Facilities Agreement (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*Certain Covenants—Impairment of Security Interest*" is complied with;

(10) facilitate any transaction that complies with the covenants described under the headings "*Certain Covenants—Merger and Consolidation*" and "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*" relating to mergers, consolidations and sales of assets; or

(11) as provided in "Amendments to the Intercreditor Agreement and Additional Intercreditor Agreements."

In formulating its decisions on such matters, the Trustee shall be entitled to receive and rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel in forms reasonably satisfactory to the Trustee.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender. The Indenture will not contain a covenant regulating the offer and/or payment of a consent fee to Holders.

For purposes of voting or consenting (or any other matter requiring a determination based on a percentage of principal amount of the Notes outstanding), the aggregate principal amount of outstanding Dollar Notes will be calculated using the Euro Equivalent (determined using the spot rate as of the record date set for taking of such action or the Issue Date) of such aggregate principal amount outstanding as of the date of determination.

Acts by Holders

A Note does not cease to be outstanding because the Company, an Affiliate of the Company, or any fund or other entity controlled, managed or advised by any direct or indirect shareholder of the Company (or, in each case, any successor thereof) holds the Note; *provided* that in determining whether the holders of the requisite majority of outstanding Notes have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company, an Affiliate of the Company or a Restricted Subsidiary or Holding Company of the Company (or, in each case, any successor thereof) shall be disregarded and deemed not to be outstanding. The Trustee shall be entitled to rely conclusively on an Officer's Certificate certifying whether any Notes are so owned, without independent verification.

Defeasance

The Company at any time may terminate all its, the Issuer's and each Guarantor's obligations under any series of the Notes and the Indenture (the "**legal defeasance**") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Company, the Issuer and each Guarantor in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated,

destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Company exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Company at any time may terminate its, the Issuer's and the Guarantors' obligations under the covenants described under "*Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*Certain Covenants—Merger and Consolidation—The Issuer and The Company*" and clause (A), (B) and (C) of the covenant described under "*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*") and "**Change of Control**" and default provisions relating to such covenants described under "*Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Company and its Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*Events of Default*" above (the "**covenant defeasance**").

The Company at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the applicable series of Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Company exercises its covenant defeasance option with respect to any series of the Notes, payment of such Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*Certain Covenants—Merger and Consolidation—The Issuer and the Company*" and clauses (A), (B), (C) of the covenant described under "*Certain Covenants—Merger and Consolidation—Subsidiary Guarantors*"), (4), (5), (6) (with respect only to Significant Subsidiaries (other than the Issuer)), (7), (8) or (9) under "*Events of Default*" above.

In order to exercise either defeasance option, the Company or the Issuer must irrevocably deposit in trust (the "**defeasance trust**") with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose) (i) with respect to the Euro Notes, money in euros or European Government Obligations or a combination thereof or (ii) with respect to the Dollar Notes, money in U.S. dollars or U.S. Government Obligations or a combination thereof, in each case for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel, subject to customary assumptions and exclusions, to the effect that Holders, in their capacity as Holders, will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the applicable series of Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Company or the Issuer, as the case may be, with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Company; and

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes and rights of the Trustee, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company; (2) the Company or the Issuer has

deposited or caused to be deposited with the Trustee (or such entity designated or appointed (as agent) by the Trustee for this purpose), (i) with respect to the Euro Notes, money in euros or European Government Obligations or a combination thereof or (ii) with respect to the Dollar Notes, money in U.S. dollars or U.S. Government Obligations or a combination thereof, in each case in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Company and the Issuer have paid or caused to be paid all other sums payable under the Indenture; (4) the Company or the Issuer (as the case may be) has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel in forms reasonably satisfactory to the Trustee each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested in writing by the Company, the Trustee and Paying Agent (which request may be included in the applicable notice of redemption pursuant to the above referenced Officer's Certificate) shall distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be; *provided*, *however*, that the Holders shall have received at least three Business Days' notice from the Company of such earlier repayment date (which may be included in the notice of redemption). For the avoidance of doubt, the distribution and payment to Holders prior to the maturity or redemption date as set forth above will not include any negative interest, present value adjustment, break costs or any other premium on such amounts. To the extent the Notes are represented by a global note deposited with a depositary for a clearing system, any payment to the beneficial holders of such Notes holding interests as a participant of such clearing system shall be subject to the then applicable procedures of such clearing system.

The Trustee shall be entitled to rely conclusively on such Officer's Certificate and Opinion of Counsel in forms satisfactory to the Trustee without independent verification, provided that any such counsel may rely on an Officer's Certificate as to matters of fact.

No Personal Liability of Directors, Officers, Employees, Incorporators and Shareholders

No director, officer, employee, incorporator or shareholder of, the Issuer, the Company or any of its Subsidiaries or Affiliates, as such, including the Vodafone Spain Group, shall have any liability for any obligations of, the Issuer, the Company or any of its Subsidiaries, including the Vodafone Spain Group, under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

GLAS Trust Company LLC is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default of which a responsible officer of the Trustee has received written notice, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty. Further, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any Holder, unless such Holder has offered to the Trustee, and the Trustee has received, customary protections and indemnification.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee and any agent under the Indenture will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or

any Holder who has been a *bona fide* Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be in English and validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Luxembourg Stock Exchange and if and for so long as the rules of the Luxembourg Stock Exchange so require, the Company will notify the Luxembourg Stock Exchange of any notice with respect to the Notes and, if the rules of the Luxembourg Stock Exchange so require, will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear, Clearstream and DTC (as applicable) in accordance with the applicable procedures of Euroclear, Clearstream and DTC, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of Book-Entry Interests. Such notices may instead be published in a leading newspaper of general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or if, in the opinion of the Company such publication is not practicable, an English language newspaper having general circulation in Europe.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it. If a notice or communication is given via Euroclear, Clearstream or DTC (as applicable), it will be deemed to have been duly given on the day the notice is given to Euroclear, Clearstream or DTC.

Prescription

Claims against the Issuer, the Company or any Guarantor for the payment of principal, or premium, if any, or Additional Amounts, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer, the Company or any Guarantor for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

Listing

Application has been made by the Issuer to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF thereof. There can be no assurance that such listing will be maintained, and settlement of the Notes was not conditioned on obtaining this listing or admission.

Currency Indemnity and Calculation of Euro-denominated Restrictions

Any amount received or recovered in a currency other than euro in respect of the Euro Notes or U.S. dollars in respect of the Dollar Notes, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company, any Guarantor or otherwise by any Holder, any paying agent or by the Trustee, in respect of any sum expressed to be due to it in euro or U.S. dollars, as the case may be, from the Company or a Guarantor will only constitute a discharge to the Company or such Guarantor, as applicable, to the extent of the euro amount or the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount or the U.S. dollar amount is less than the euro amount or the U.S. dollar amount (as applicable) expressed to be due to the recipient, any paying agent or the Trustee under any Note, the Company and the Guarantors will indemnify them against any loss sustained by such recipient, any paying agent or the Trustee as a result. In any event, the Company and the Guarantors will indemnify the recipient or the Trustee on a joint and

several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note, any paying agent or the Trustee to certify in a manner reasonably satisfactory to the Company (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Company's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder, any paying agent or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since, as of the Issue Date, substantially all the assets of each of the Company, the Issuer and the Vodafone Spain Group are held by Subsidiaries located outside the United States, any judgment obtained in the United States against the Company, the Issuer, or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes and the Guarantees, the Issuer, the Company and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, including any Notes Guarantees, and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of England. The Security Documents will be governed by the law of the location of the relevant asset that is part of the Collateral.

Certain Definitions

"**Accordion Amount**" means Indebtedness and other obligations Incurred under a Credit Facility not exceeding the aggregate of:

(1) the maximum amount of Senior Secured Indebtedness such that the Consolidated Senior Secured Leverage Ratio is not greater than 3.10 to 1.00; plus

(2) the greater of (a) €400,000,000; and (b) 32% of Consolidated EBITDA,

in each case tested at the time of (and taking into account) the relevant Incurrence of Indebtedness or, at the Company's option, if earlier, at the time the Company or a Restricted Subsidiary enters into any commitment to Incur or issue Indebtedness (in such case assuming for this purpose only that such Indebtedness is utilized in full) and, if such Indebtedness is to be used to fund, directly or indirectly, any transaction, on a *pro forma* basis for such transaction.

"**Acquired Indebtedness**" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, (2) assumed in connection with the acquisition of assets from any Person or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary, *provided* that in the case of clauses (1) and (2) of this definition Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition, *provided, further,* that Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) above, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) above, on the date of completion of such acquisition of assets and, with respect to clause (3) above, on the date of the relevant merger, consolidation or other combination.

"**Acquisition**" means the acquisition of Vodafone Spain by Zegona Bidco pursuant to an acquisition agreement dated October 31, 2023 among the Company, Zegona Bidco and Vodafone Europe B.V. as the seller, and which was completed on May 31, 2024.

"**Additional Assets**" *means:*

(1) any assets (other than Indebtedness and Capital Stock) used or to be used by the Company or a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on assets already used in a Similar Business or to replace any assets that are the subject of the relevant Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or

(3) Capital Stock constituting a minority interest in any Person that at the relevant time is a Restricted Subsidiary of the Company.

"**Affiliate**" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person, whether so affiliated at the Issue Date or at any other time. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agreed Security Principles**" means the Agreed Security Principles as set out in a schedule to the New Senior Facilities Agreement as in effect on the Issue Date, as applied, mutatis mutandis, with respect to the Notes in good faith by the Company.

"**Annual Period**" has the meaning given to it under "*—Financial Calculations*."

"**Applicable Metric**" means any financial covenant or financial ratio or Incurrence-based permission, test, basket or threshold in the Indenture (including any financial definition or component thereof and any financial ratio, test, basket or threshold or permission based on the calculation of Consolidated EBITDA, the Consolidated Senior Secured Leverage Ratio, the Consolidated Net Leverage Ratio or the Fixed Charge Coverage Ratio), any Default, Event of Default or other relevant breach of the Indenture.

"**Applicable Premium**" means:

(x) with respect to any Euro Note, the greater of:

(1) 1% of the principal amount of such Euro Note; and

(2) with respect to such Euro Notes the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Euro Note at July 15, 2026 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Euro Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the applicable Bund Rate at such redemption date plus 50 basis points; *less*

(b) the outstanding principal amount of such Euro Note, and

(y) with respect to any Dollar Note, the greater of:

(1) 1% of the principal amount of such Dollar Note; and

(2) with respect to such Dollar Notes the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Dollar Note at July 15, 2026 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "*Optional Redemption*" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Dollar Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest),

computed upon the redemption date using a discount rate equal to the applicable Treasury Rate at such redemption date plus 50 basis points; *less*

(b) the outstanding principal amount of such Dollar Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. Calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar or the Transfer Agent.

"**Applicable Reporting Date**" means, as at any date of determination, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(a) the last day of the most recent fiscal quarter in respect of which a report or financial statements have been delivered pursuant to clause (1), (2) or (3) of the first paragraph of the covenant described under "*—Certain Covenants—Reports*," with such Applicable Metric determined by reference to such report or financial statements, whichever is more recent; or

(b) the last day of the most recently completed Annual Period for which the Group has sufficient available information to be able to determine such Applicable Metric, with such Applicable Metric determined by reference to such available information.

"**Applicable Test Date**" means the Applicable Transaction Date or, at the Company's election (which election the Company may revoke and re-make at any time and from time to time), the Applicable Reporting Date prior to any Applicable Transaction Date.

"**Applicable Transaction**" means any Investment, acquisition, disposition, sale, merger, joint venture, consolidation or other business combination transaction, Incurrence, Change of Control, assumption, commitment, issuance, repayment, repurchase or refinancing of Indebtedness (including for the avoidance of doubt an additional facility under the New Senior Facilities Agreement or the Senior Facilities Agreement), Disqualified Stock or Preferred Stock and the use of proceeds thereof, any creation of a Lien, any Restricted Payment, any Affiliate Transaction, any designation of a Restricted Subsidiary or Unrestricted Subsidiary, any Asset Disposition or any other transaction for which an Applicable Metric falls to be determined; provided that, if any such transaction (the "**first transaction**") is being effected in connection with another such transaction (the "**second transaction**"), the second transaction shall also be an Applicable Transaction with respect to the first transaction.

"**Applicable Transaction Date**" means, in relation to any Applicable Transaction, at the Company's election (which election the Company may revoke and re-make at any time and from time to time):

(a) the date of any letter, definitive agreement, instrument, put option, scheme of arrangement or similar arrangement in relation to such Applicable Transaction (unilateral, conditional or otherwise);

(b) the date that any commitment, offer, announcement, communication or declaration (unilateral, conditional, or otherwise) with respect to such Applicable Transaction is made or received;

(c) the date that any notice, which may be revocable or conditional, of any repayment, repurchase or refinancing of any relevant Indebtedness is given to the holders of such Indebtedness;

(d) the date of consummation, Incurrence, payment or receipt of payment in respect of the Applicable Transaction;

(e) any other date determined in accordance with the Indenture; or

(f) any other date relevant to the Applicable Transaction determined by the Company in good faith.

"**Asset Disposition**" means any direct or indirect sale, lease (other than a lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), assets (each referred to for the purposes of this definition as a "**disposition**") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction.

Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets (including IRUs and Settlement Assets) in the ordinary course of business;

(4) a disposition of:

(a) obsolete, surplus or worn-out equipment or other assets or equipment; or

(b) assets that are no longer useful in the conduct of the business of the Group (including the disposal or abandonment of intellectual property that it is no longer economically practicable to maintain, or which is no longer required for the business of the Group);

(5) transactions pursuant to "*Certain Covenants—Merger and Consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance or disposition:

(a) of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors of the Company; or

(b) in connection with the issuance, acquisition and/or subscription for directors' qualifying shares and/or shares issued to and/or acquired by individuals as required by law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than the greater of (x) €250,000,000 (or its currency equivalent) and (y) 20% of Consolidated EBITDA;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (2) of the first paragraph and the third paragraph under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock,*" asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings (for the purpose of this clause (10), excluding factoring or similar arrangements but, for the avoidance of doubt, including dealings with trade debtors with respect to book debts);

(11) the licensing, sub-licensing, leasing or assignment of intellectual property or other general intangibles and licences, sub-licences, assignments, leases, subleases or other dispositions of other assets (including, without limitation, equipment or vehicles), in each case in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any issuance, sale or other disposition of Capital Stock, Indebtedness, other securities or assets of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind (including any disposition of a loan in connection with a capitalization, forgiveness, waiver, release or other discharge of that loan);

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person;

(18) any disposition with respect to assets built, owned or otherwise acquired by the Company or any Restricted Subsidiary (together with any related rights and assets), including telecommunications towers, network fixed assets and other similar or equivalent assets, pursuant to sale and leaseback transactions, asset securitizations and other similar financings permitted by the Indenture;

(19) sales or dispositions of receivables, bills of exchange and/or inventory (together with any related rights and assets, including cash collection accounts, books and records):

(a) in connection with any Qualified Receivables Financing or Receivables Facility;

(b) in connection with any factoring, sale or discounting transaction (or other receivables-based financing arrangement); or

(c) in the ordinary course of business;

(20) any disposition in connection with a Capitalized Lease Obligation;

(21) any disposition pursuant to (including a disposition which forms part of or results from) a Permitted Reorganization;

(22) any disposition to which a member of the Vodafone Spain Group is contractually committed as at the Issue Date (or, in the case of any person which becomes a member of the Group after the Issue Date, any disposal to which that person is contractually committed as at the date on which it becomes a member of the Group), in each case as any such contractual commitment may be replaced, renewed or extended from time to time;

(23) any disposition of an interest in a derivative transaction and/or any disposition (including a termination) of or in relation to any Cash Management Services;

(24) any disposition of any asset made in order to comply with an order of any agency of state, authority or other regulatory body or any applicable law or regulation;

(25) any financing transaction with respect to any asset built or acquired by the Company or any of its Restricted Subsidiaries after the Issue Date (or equity interests of a Restricted Subsidiary holding any asset built or acquired by the Company or any of its Restricted Subsidiaries after the Issue Date), including asset securitizations not prohibited by the Indenture;

(26) any exchange of like assets for use in a Similar Business; and

(27) any disposition of assets (being a disposition otherwise permitted under any of clauses (1) to (26) of this definition to be made to persons which are not members of the Group) to a special purpose vehicle and the subsequent disposal of that special purpose vehicle where the assets transferred to the special purpose vehicle are the only material assets thereof.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "*Certain Covenants—Limitation on Restricted Payments*," the Company, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under "*Certain Covenants—Limitation on Restricted Payments*."

"**Associate**" means any Person engaged in a Similar Business of which the Company and/or the Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and any joint venture entered into by the Company or any Restricted Subsidiary.

"**Bank Guarantee**" means any letter of credit, guarantee, bond, indemnity, documentary or like credit or any other instrument of suretyship or payment.

"**Board of Directors**" means (1) with respect to the Issuer, the Company or any company or corporation, the board of directors or managers, as applicable, of that company or corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of that partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of that Person serving a similar function, *provided* that whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval). Unless the context requires otherwise, Board of Directors means the Board of Directors of the Company.

"**Bund Rate**" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to July 15, 2026; *provided*, *however*, that if the period from the redemption date to the date set forth above is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to the applicable date set forth above is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used; *provided*, *further*, that if such yield would otherwise be less than zero, it shall be assumed to be zero.

"**Business Day**" means each day that is not a Saturday, Sunday or other day on which banking institutions in Madrid, Spain, London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be (a) (in relation to any date for payment or purchase of a currency other than euro) a day on which the principal financial center of the country of that currency is open and (b) (in relation to any date for payment or purchase of euro) any T2 Day.

"**Business Successor**" means (i) any former Subsidiary of the Company and (ii) any Person that, after the Issue Date, has acquired, merged or consolidated with a Subsidiary of the Company (that results in such Subsidiary ceasing to be a Subsidiary of the Company), or acquired (in one transaction or a series of transactions) all or substantially all of the property and assets or business of a Subsidiary or assets constituting a business unit, line of business or division of a Subsidiary of the Company.

"**Capital Stock**" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into, or exchangeable for, such equity.

"**Capitalized Lease Obligations**" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS.

"**Cash Equivalents**" means:

(1) securities issued or directly and fully guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, the UK, the Channel Islands, Switzerland or Norway or, in each case, any agency or instrumentality thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition (or, if later, from the date of the relevant date of calculation under the Indenture);

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition

thereof (or, if later, from the date of the relevant date of calculation under the Indenture) issued by any Lender or by any bank or trust company (i) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500,000,000 (or its currency equivalent);

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) of this definition or clause (5) of this definition entered into with any Person meeting the qualifications specified in clause (2) of this definition;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof (or, if later, after the date of the relevant date of calculation under the Indenture);

(5) readily marketable direct obligations issued by any state of the United States, any province of Canada, any Permissible Jurisdiction, the UK, the Channel Islands, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition (or, if later, from the date of the relevant date of calculation under the Indenture);

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition (or, if later, from the date of the relevant date of calculation under the Indenture);

(7) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, the UK, the Channel Islands, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank or other financial institution (or any dematerialized equivalent); and

(8) interests in any investment company, money market fund or enhanced high yield fund which invests 95% or more of its assets in cash or instruments of the types described in clauses (1) to (7) of this definition.

"**Cash Management Services**" means any automated clearing house transactions, treasury, depository, credit or debit card, purchasing card, stored value card, electronic fund transfer services, daylight or overnight draft facilities and/or cash management services, including controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services, pooling arrangements or other cash management arrangements in the ordinary course of business (and, in each case, any replacement, renewal or extension thereof).

"**Change of Control**" means:

(1) the Company becomes aware that (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or has become the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Company (a) being a wholly-owned Subsidiary of the Parent and any of its wholly-owned Subsidiaries (b) or becoming a wholly-owned Subsidiary of a Successor Parent Holding Company; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions (a "**Transfer**"), of all or substantially all of the assets of the Company and the Restricted Subsidiaries taken as a whole to a Person, other than the Company (including, for the avoidance of doubt, any successor thereto pursuant to the provisions described under "*Certain Covenants—Merger and Consolidation—The Issuer and The Company*") or a Restricted Subsidiary or one or more Permitted Holders; or

(3) the first day on which none of Zegona Midco or one of its wholly-owned Subsidiaries, on its own, directly owns 100% of the issued and outstanding Capital Stock and Voting Stock of the Company or the Successor Company;

(4) the first day on which none of the Company or one of its wholly-owned Restricted Subsidiaries, on its own, directly owns 100% of the issued and outstanding Capital Stock and Voting Stock of the Issuer or the Successor Issuer; or

(5) the first day on which none of the Company or one of its wholly-owned Restricted Subsidiaries, on its own, directly owns 100% of the issued and outstanding Capital Stock and Voting Stock of Zegona Finance LLC or the Successor U.S. Entity.

Notwithstanding the preceding clauses or any provision of Rule 13d-3 of the Exchange Act, (i) a Person or group shall not be deemed to beneficially own securities subject to an equity or asset purchase agreement, merger agreement or similar agreement (or voting or option or similar agreement related thereto) until the consummation of the transactions contemplated by such agreement, (ii) if any group includes one or more Permitted Holders, the issued and outstanding Voting Stock of the Company beneficially owned, directly or indirectly, by any Permitted Holders that are part of such group shall not be treated as being beneficially owned by any other member of such group for purposes of determining whether a Change of Control has occurred, and (iii) a Person or group will not be deemed to beneficially own the Voting Stock of another person as a result of its ownership of Voting Stock or other securities of such other Person's Parent Holding Company (or related contractual rights) unless it owns 50% or more of the total voting power of the Voting Stock of such Parent Holding Company. For the avoidance of doubt, the ownership of the Voting Stock of EJLSHM Funding Limited shall not constitute a Change of Control to the extent the agreement of EJLSHM Funding Limited with Zegona Communications plc to waive its voting power with respect to such Voting Stock remains in effect.

"**Clearstream**" means Clearstream Banking S.A., as currently in effect or any successor securities clearing agency.

"**Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Commodity Hedging Agreements**" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"**Completion Date**" means the date of completion of the Acquisition being May 31, 2024.

"**Consolidated EBITDA**" for any period means, without duplication, the Consolidated Net Income for such period, plus the following:

(a) Consolidated Interest Expense and Receivables Fees;

(b) Consolidated Income Taxes;

(c) consolidated depreciation expense (other than depreciation on Capitalized Lease Obligations);

(d) consolidated amortization or impairment expense (including, without limitation, amortization of customer-related intangible assets) but excluding amortization on Capitalized Lease Obligations;

(e) any expenses, charges or other costs related to any equity offering (including any Equity Offering), investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; provided that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition,

recapitalization or the Incurrence of any Indebtedness (including, for the avoidance of doubt, any amendment or other modification of the terms of, or refinancing of, any Indebtedness) permitted by the Indenture (in each case whether or not successful) (including any such fees, expenses or charges related to the Transaction), in each case, as determined in good faith by the board of directors or an officer of the Company;

(f) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period, or any net earnings, income or share of profit of any associates, associated company or undertaking and the amount of any payments made to option holders of any members of the Group or any of their direct or indirect parent companies in connection with, or as a result of, any distribution made to shareholders of such person or its direct or indirect parent companies, which payments are being made to compensate such option holders as though they were shareholders at the time of, and entitled to share in, such distribution, in each case to the extent permitted under the Indenture;

(g) the amount of (x) any management, monitoring, consulting, investor, advisory or other fees paid to shareholders (or affiliates of shareholders) and (y) any fees and other compensation paid to the members of the board of directors (or the equivalent thereof) of the Company or any Holding Company;

(h) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items, plus the release of provisions, less other non-cash items of income increasing Consolidated Net Income (other than any non-cash items increasing such Consolidated Net Income pursuant to paragraphs (a) through (k) inclusive of the definition of Consolidated Net Income);

(i) any costs or provisions relating to any share option, management equity programme or other incentive schemes of the Vodafone Spain Group existing at the Completion Date and any costs or provisions relating to any share option, management equity programme or other incentive scheme implemented on or after the Completion Date;

(j) any effects of hedging and treasury transactions in respect of actual or anticipated exposures arising in the ordinary course of business of the Group;

(k) the amount of any restructuring charges or reserves, equity-based or non-cash compensation charges or expenses including any such charges or expenses arising from grants of stock appreciation or similar rights, stock options, restricted stock or other rights, retention charges (including charges or expenses in respect of any MEP and any charges arising on any MEP accounted for as cash settled under IFRS), start-up or initial costs for any project or new production line, division or new line of business or other business optimization expenses or reserves including, without limitation, costs or reserves associated with improvements to information technology and accounting functions, integration and facilities opening costs or any one-time costs incurred in connection with acquisitions and Investments and costs related to the closure and/or consolidation of facilities and any fees, costs and expenses associated with acquisition related litigation and settlements thereof;

(l) the amount of loss or discount on sale of receivables, Receivables Assets and related assets; and

(m) adjustments of the nature used in connection with the calculation of "Business EBITDAaL" as set forth in footnote (1) of "*Summary—Summary Financial Information and Other Data—Other Financial Information*" contained in the Offering Memorandum applied in good faith by the Company to the extent such adjustments continue to be applicable during the period in which Consolidated EBITDA is being calculated, *provided* that such adjustments shall not exceed the amounts set forth in the Offering Memorandum and no such adjustments shall be applied twelve (12) months after the Issue Date;

minus

(n) depreciation and gain on disposal of leased assets.

For the purposes of determining "**Consolidated EBITDA**" under the Indenture, (i) calculations shall be made giving effect to the same adjustments (including without limitation as to *pro forma* effects of Sales, Purchases and other adjustments) on the same basis as for calculating the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries, and (ii) in the event that Consolidated EBITDA is to be calculated prior to the end of the fourth complete fiscal quarter after the Issue Date, Consolidated EBITDA for any part of the relevant period falling prior to the date on which the Vodafone Spain Group became Subsidiaries of the Company shall be calculated on the basis that the definition of Consolidated EBITDA is to be construed as if references to the Company and its Restricted Subsidiaries were references to the Vodafone Spain Group as set forth in the financial information provided in the Offering Memorandum.

"**Consolidated Income Taxes**" means Taxes or other payments, including deferred Taxes and Taxes in respect of repatriated funds and any penalties and interest related to such Taxes arising from any Tax examination, based on income, profits or capital (including without limitation withholding taxes), trade Taxes and franchise Taxes of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"**Consolidated Interest Expense**" means, for any period (in each case, determined on the basis of IFRS), the consolidated gross interest expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(a) amortization of debt discount, debt issuance cost and premium;

(b) non-cash interest expense;

(c) commissions, discounts and other fees and charges owed with respect to financings not included in clause (b) above;

(d) costs associated with Hedging Obligations;

(e) dividends or other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Company or a subsidiary of the Company;

(f) the consolidated interest expense that was capitalized during such period; and

(g) interest actually paid or accrued by the Company or any Restricted Subsidiary under any guarantee of Indebtedness or other obligation of any other Person.

For the avoidance of doubt, Consolidated Interest Expense shall not include interest expense attributable to Capitalized Lease Obligations.

"**Consolidated Leverage**" means the sum of the aggregate outstanding Indebtedness (except under paragraph (8) thereof) of the Company and its Restricted Subsidiaries.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries on a consolidated basis on the basis of IFRS, provided that there will not be included in such Consolidated Net Income:

(a) subject to the limitations contained in clause (c) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or that could have been so distributed and any royalty payments received by the Company or a Restricted Subsidiary from such Person, as reasonably determined by an Officer of the Group (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (b) below);

(b) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*Certain*

Covenants—Limitation on Restricted Payments," any net income (loss) of any Restricted Subsidiary that is not the Issuer or a Guarantor if such Restricted Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company, the Issuer and each Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (i) restrictions that have been waived or otherwise released, (ii) restrictions pursuant to the Indenture or the Intercreditor Agreement and (iii) restrictions not expressly prohibited by the Indenture), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary that is not a Guarantor or the Issuer, to the limitation contained in this clause (b));

(c) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed or discontinued operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of or discontinued in the ordinary course of business (as determined in good faith by the board of directors or an officer of the Company);

(d) any:

(i) extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, disposition costs, business optimisation, information technology implementation or development costs, costs related to governmental investigations and curtailments or modifications to pension or postretirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events); or

(ii) charges or reserves in respect of any restructuring, redundancy or severance expense or costs, integration costs and any charge, cost or reserve or other business optimization expense in connection with establishing new facilities or closing or consolidating existing facilities);

(e) at the election of the Company with respect to any quarterly period, the cumulative effect of a change in accounting principles;

(f) any non-cash compensation charge or expense arising from any grant of stock, stock options, partnership interest or other equity-based awards (or otherwise in connection with any MEP) and any non-cash deemed finance charges in respect of any Pension Items or other similar provisions;

(g) all deferred financing costs written off and premiums paid, or other expenses Incurred directly in connection with any early extinguishment or cancellation of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness and any provisions in respect of working capital;

(h) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(i) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such

Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(j) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(k) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition (including, for the avoidance of doubt, any acquisition consummated prior to the Issue Date), or the amortization or write-off of any amounts thereof (including any write-off of in-process research and development);

(l) any goodwill or other intangible asset impairment, charge, amortization (including, without limitation, of customer-related intangible assets), expense or write-off, including debt issuance;

(m) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Indebtedness borrowed from a Holding Company;

(n) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on any Subordinated Shareholder Funding;

(o) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(p) to the extent covered by insurance and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (i) not denied by the applicable insurer in writing within 180 days and (ii) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), losses with respect to business interruption.

"**Consolidated Net Indebtedness**" means, with respect to any Person:

(a) Consolidated Leverage as of the relevant date of determination; less

(b) the amount of cash and Cash Equivalents held by such Person and its Restricted Subsidiaries as of such date.

In respect of any applicable period, the exchange rate used to calculate Consolidated Net Indebtedness may, at the option of the Company, be:

(a) the weighted average exchange rate for that period used by the Company to calculate Consolidated EBITDA (as determined by the Company);

(b) the relevant prevailing exchange rate at close of business on the last day of that period (as determined by the Company); or

(c) any other exchange rate permitted to be applied in accordance with the provisions described under "*Financial Calculations*,"

provided that, where applicable, any amount of Indebtedness will be stated so as to take into account the hedging effect of any currency hedging entered into in respect of or by reference to that Indebtedness.

"**Consolidated Net Leverage Ratio**" means, as of any Applicable Test Date or Applicable Reporting Date, the ratio of (a) the Consolidated Net Indebtedness at such date to (b) Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending on the Applicable Reporting Date; *provided*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such Applicable Test Date or Applicable Reporting Date:

(1) the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "**Sale**") or if the transaction giving rise to the need to calculate the Consolidated Net Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided that* if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) the Company or any Restricted Subsidiary (by merger or otherwise) has made (or, at the Company's election, otherwise planned or committed, or in respect of which any other step or action has been taken, unilaterally, conditionally or otherwise) an Investment in any Person that thereby becomes (or that the Company expects in good faith, based upon such plan, commitment, step or action, will become) a Restricted Subsidiary (by merger or otherwise and including for this purpose any designation that results in an Unrestricted Subsidiary becoming a Restricted Subsidiary), or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "**Purchase**"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated Synergies and cost savings as if such Purchase occurred on the first day of such period;

(3) the Company or any Restricted Subsidiary has made or implemented a Specified Transaction or Group Initiative, including any such Specified Transaction or Group Initiative occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated Synergies and cost savings as set forth therein, as if such Specified Transaction or Group Initiative occurred on the first day of such period; and

(4) any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale, Purchase, Specified Transaction or Group Initiative that would have required or permitted an adjustment pursuant to clause (1), (2) or (3) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto, including anticipated Synergies and cost savings, as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense, Consolidated Net Income, Consolidated Senior Secured Leverage Ratio and Fixed Charge Coverage Ratio, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and Synergies), (b) calculations (X) shall be made on the basis that the full effect of Synergies were realized on the first day of the relevant period and (Y) shall also include the reasonably anticipated full run rate cost savings effect (as calculated in good faith by a responsible financial or chief accounting officer of the Company) of any restructuring, operating expense reduction, operating improvement or cost savings programs (or, in each case, other similar initiative) (each, a "**Group Initiative**") or in connection with an event specified in clauses (1), (2), (3) or (4) above, that is reasonably expected to occur within 18 months following the date of initiation by the Company or its Restricted Subsidiaries of the Group Initiative, as though such Group Initiative had been fully implemented on the first day of the relevant period); *provided* that such adjustments for Synergies and cost savings shall not exceed an amount equal to 20% of Consolidated EBITDA for the relevant period before giving effect to all other adjustments permitted by this definition of "Consolidated Net Leverage Ratio", (c) in determining the amount of Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness as if such transaction had occurred on the first day

of the relevant period, (d) in the event that the Company or any Restricted Subsidiary Incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness Incurred under any revolving credit facility, unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the Applicable Test Date or the end of the relevant testing period but prior to or simultaneously with the event for which the calculation is made, then the applicable metric shall be calculated giving *pro forma* effect to such Incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period or on the Applicable Test Date, as the case maybe, *provided* that the *pro forma* calculation shall not give effect to (i) any Indebtedness (and Fixed Charges related thereto) Incurred in reliance on the provisions described in the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to the ratio based basket under clauses (1) and (5) thereof) which is being Incurred concurrently with such Indebtedness, and (ii) any Indebtedness (and Fixed Charges related thereto) discharged to the extent that such discharge results from the proceeds of Indebtedness Incurred pursuant to the provisions described under the second paragraph under "*Certain Covenants—Limitation on Indebtedness*" (other than Indebtedness Incurred pursuant to the ratio based baskets under clauses (1) and (5) thereof) which is being Incurred concurrently with such Indebtedness, (e) [Reserved], (f) calculations shall also give *pro forma* effect to any Specified Transaction or Group Initiative that has occurred since the beginning of such period (as determined and calculated by a responsible financial or accounting officer of the Company) on a full run rate basis and (g) calculations shall exclude any nonrecurring costs and other expenses arising directly or indirectly as a consequence of any Sale or Purchase or Specified Transaction and/or the implementation of any Group Initiative; and (h) notwithstanding anything to the contrary herein, in the event an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken in reliance on a ratio basket based on the Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio or Consolidated Senior Secured Leverage Ratio, such ratio(s) shall be calculated without regard to the incurrence or repayment of any Indebtedness under any revolving credit facility or letter of credit facility used to finance working capital needs of the Company and its Restricted Subsidiaries (as reasonably determined by the Company); and (i) "determined on a consolidated basis on the basis of IFRS," "determined on the basis of IFRS" and similar provisions shall at the election of the Company allow for calculation to be made on the basis of presentation of the financial statements included in the Offering Memorandum.

All Applicable Metrics described in this definition will be calculated as set forth in the section "*Financial Calculations*" above.

"**Consolidated Senior Secured Leverage Ratio**" means the Consolidated Net Leverage Ratio, but calculated by excluding all Indebtedness other than Senior Secured Indebtedness.

"**Contingent Obligations**" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any lease, or any dividend or other obligation that does not constitute Indebtedness ("**primary obligations**") of any other Person (the "**primary obligor**"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any asset constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"**Credit Facility**" means, with respect to the Company or any of its Restricted Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities Agreement, the New Senior Facilities Agreement, any commercial paper facilities and any overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time

to time (and whether in whole or in part and whether or not with the original facility agent (or other administrative agent) and/or security agent and/or lenders or another facility agent, administrative agent and/or security agent or agents or other banks or institutions and whether provided under the Senior Facilities Agreement, the New Senior Facilities Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee or guarantee agreement and any pledge agreement, debenture, collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "**Credit Facility**" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"**Currency Agreement**" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"**Default**" means any event which is, or after notice or passage of time or both would be, an Event of Default; *provided* that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"**Designated Non-cash Consideration**" means the fair market value of non-cash consideration received by the Issuer, the Company or a Restricted Subsidiary in connection with an Asset Disposition that is so designated as Designated Non-cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, executed by a principal financial or executive officer of the Company, less the amount of Cash Equivalents received in connection with a subsequent sale, redemption or repurchase of or collection or payment on such Designated Non-cash Consideration.

"**Designated Preference Shares**" means, with respect to the Company or any Parent Holding Company, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*."

"**Disqualified Stock**" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or purchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*Certain Covenants—Limitation on Restricted Payments*".

"**DTC**" means the Depository Trust Company;

"**Equity Offering**" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions (other than to the Company or any Restricted Subsidiary), or (y) the sale of Capital Stock or other securities (other than to the Company or any Restricted Subsidiary), the proceeds of which are contributed to the equity (in each case, other than through the issuance of Disqualified Stock or Designated Preference Shares or a Parent Debt Contribution or an Excluded Contribution) of, or as Subordinated Shareholder Funding to, the Company or any Restricted Subsidiary by any Parent Holding Company.

"**Escrowed Proceeds**" means the proceeds from the offering or incurrence of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent or a segregated account, escrow arrangements that permit the release of amounts on deposit in such escrow account, or other arrangements allowing for the release of funds held in a segregated account, upon satisfaction of certain conditions or the occurrence of certain events. The term "**Escrowed Proceeds**" shall include any interest earned on the amounts held in escrow or held in a segregated account.

"**euro**" or "**€**" means the official currency of the European Union.

"**Euro Equivalent**" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Company) on the date of such determination; provided that at the option of the Company it may select any method provided for under "Financial Calculations."

"**Euroclear**" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"**European Government Obligations**" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"**European Union**" means all members of the European Union as of the Issue Date.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"**Excluded Contribution**" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than a Parent Debt Contribution or the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares or a Parent Debt Contribution) or Subordinated Shareholder Funding (other than a Parent Debt Contribution) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"**Excluded Event**" means (1) any withdrawal of any participating member state of the European Union from the single currency of the participating member states of the European Union; (2) any redenomination of the Euro into any other currency by the government of any current or former participating member state of the European Union; (3) any withdrawal (or any vote or referendum electing to withdraw or notice to withdraw) of any member state from the European Union; (4) the implementation of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting; (5) any anti-tax avoidance directive or legislation; and (6) any other similar or equivalent event, step, matter or action (whether in relation to any currency, country, state, agency of state, organization, legislation or otherwise).

"**fair market value**" may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"**Fitch**" means Fitch Ratings Ltd. and any successor to its rating agency business.

"**Fixed Charge Coverage Ratio**" means, with respect to any Person on any Applicable Test Date or Applicable Reporting Date, the ratio of Consolidated EBITDA of such Person for the period of the most recent four consecutive fiscal quarters ending on the Applicable Reporting Date to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness Incurred under any revolving credit facility, unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Fixed Charge Coverage Ratio Calculation Date**"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period as set forth under Consolidated Net Leverage Ratio.

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations, disposed or discontinued operations, Specified Transactions and Group Initiatives that have been made or implemented (or, at the election of the Company, planned or committed or in respect of which any other action or step has been taken) by the Company or any of its Restricted Subsidiaries, including by entities that have become Restricted Subsidiaries, on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date, may be calculated on a *pro forma* basis in a manner consistent with the adjustments described in the definition of Consolidated Net Leverage Ratio (and shall be calculated on a *pro forma* basis to the extent required by such definition), including without limitation as to savings programs and other Group Initiatives, assuming that all such Investments, acquisitions, dispositions, mergers, consolidations, Specified Transactions, Group Initiatives and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom), including the full run rate effect of anticipated Synergies, had occurred on the first day of the four-quarter reference period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by the chief financial officer or finance director of the Group (or such other person as is performing the functions of the chief financial officer or finance director), including Synergies. If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit or similar facility computed on a *pro forma* basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

For the avoidance of doubt, nothing in this definition shall prejudice or limit the right of the Company or any other member of the Group to make any adjustment or calculation (whether in relation to Consolidated EBITDA, Fixed Charges, the Fixed Charge Coverage Ratio or otherwise) in accordance with any other term of the Indenture.

All Applicable Metrics described in this definition will be calculated as set forth in the section "*Financial Calculations*" above.

"**Fixed Charges**" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all dividends or other distributions payable in cash (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period;

(3) all dividends or other distributions payable in cash (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and

(4) any cash interest expense on Indebtedness of another person that is guaranteed by such Person or its Restricted Subsidiaries or secured by a Lien on assets of such Person or its Restricted Subsidiaries, but only to the extent such interest expense is actually paid in cash by such Person or any of its Restricted Subsidiaries, determined on a consolidated basis in accordance with IFRS.

"**Governmental Authority**" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"**Group**" means the Company and its Restricted Subsidiaries from time to time.

"**Guarantee**" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"**Guarantor**" means the Initial Guarantors, the Post-Closing Guarantors and any other Person that Guarantees the Notes from the date on which such Notes Guarantee is provided and until the date on which such Notes Guarantee is released in accordance with the Indenture.

"**Hedging Obligations**" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"**Holder**" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear, Clearstream or DTC, as applicable.

"**Holding Company**" means, in relation to any Person, any Person of which it is a Subsidiary.

"**IFRS**" means the UK adopted international accounting standards as in effect from time to time.

"**Incur**" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; provided, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"**Indebtedness**" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds (other than performance or advance payment bonds or similar instruments), debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments except to the extent such reimbursement obligations relate to trade payables and such reimbursement obligations are satisfied within 30 days of Incurrence, in each case only to the extent issued by a bank or financial institution, and if the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness of the Group;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of any asset (except trade payables and liabilities or accrued expenses in the ordinary course of business), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such asset in service or taking final delivery and title thereto (or if the relevant supplier customarily allows a period for payment, if later the date 180 days after the expiry of that period), for the avoidance of doubt excluding where the payment deferral results from the delayed or non-satisfaction of contract terms by the supplier, from a dispute carried out in good faith or from contract terms establishing payment schedules tied to total or partial contract completion and/or

to the results of operational testing procedures and excluding earn outs and other contingent consideration arrangements;

(5) the principal amount payable by any member of the Group to any person which is not a member of the Group in respect of the redemption of any share capital or other securities convertible into share capital issued by it or any other member of the Group (other than in connection with any MEP, incentive scheme or similar arrangement) and in each case only to the extent the share capital or other securities convertible into share capital are redeemable at the option of the holder or if the relevant member of the Group is otherwise obliged to redeem it, in each case, on or prior to the Stated Maturity of the Notes;

(6) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, provided, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(7) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(8) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time),

with respect to clauses (1), (2) and (4) above, if and to the extent, and in the amount, that any of the foregoing Indebtedness (other than letters of credit described in clause (3) and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with IFRS; provided, that Indebtedness of any Parent Holding Company (to the extent not guaranteed by the Company or any Restricted Subsidiary) appearing upon the balance sheet of the Company prepared on the basis of IFRS shall be excluded.

The term "**Indebtedness**" shall not include any amount due or outstanding in respect of any equity contribution or any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, prepaid or deferred revenue arising in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Subordinated Shareholder Funding, Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings and Capitalized Lease Obligations;

(2) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing (including, for the avoidance of doubt, earn outs and other contingent consideration arrangements);

(3) trade credit on normal commercial terms;

(4) any Cash Management Services or Network Guarantee;

(5) indebtedness of any Parent Holding Company appearing on the balance sheet of any member of the Group solely by reason of push down accounting under IFRS;

(6) amounts owed to dissenting stockholders pursuant to applicable law (including in connection with, or as a result of, exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential)), pursuant to or in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Group or the Vodafone Spain Group that is not prohibited by the Indenture;

(7) for the avoidance of doubt, any obligations in respect of workers' compensation claims, Pension Schemes, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(8) obligations of any Person for the reimbursements of any obligor in relation to any confirming services, reverse factoring services and commercial discount lines in the ordinary course of business and consistent with past practice;

(10) obligations of any Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, performance bond, advance payment bonds, surety bonds, completion or performance guarantees or similar transactions, to the extent that such letters, bonds, guarantees or similar transactions are not drawn upon, provided that, if and to the extent drawn upon, such obligations shall not be considered the incurrence of Indebtedness (but shall upon such drawing cease to fall within the exclusion set out in this clause (10));

(11) obligations or liabilities of any Person in respect of IRUs (whether or not capitalized); and

(12) with respect to any Person, any obligations in respect of Indebtedness of any other Person, other than as provided for in clauses (6) and (7) above.

For the avoidance of doubt, where the amount of Indebtedness falls to be calculated or where the existence (or otherwise) of any Indebtedness is to be established, unless the context requires otherwise (as determined by the Company in good faith), indebtedness owed by one member of the Group to another member of the Group shall not be taken into account.

"**Independent Financial Advisor**" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; provided, that such firm or appraiser is not an Affiliate of the Company.

"**Initial Public Offering**" means an Equity Offering of common stock or other common equity interests of the Company, an IPO Pushdown Entity or any Parent Holding Company or any successor of the Company or any Parent Holding Company (the "**IPO Entity**") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"**Intercreditor Agreement**" means the intercreditor agreement among, *inter alios*, the lenders and agent under the Senior Facilities Agreement, the Security Agent as well as certain hedging counterparties, originally entered into on May 24, 2024, as amended or amended and restated from time to time and to which the Issuer and the Trustee and the lenders and agent under the New Senior Facilities Agreement will accede on the Issue Date.

"**Interest Rate Agreement**" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practice, and excluding any debt or extension of credit represented by a bank deposit (other than a time deposit) and any loans or credit arising as a result of the operation of cash pooling, net balance or similar arrangements) or capital contribution to (by means of any transfer of cash or other property to others or any payment for assets or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; provided that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practice will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*Certain Covenants—Limitation on Restricted Payments*":

(1) "**Investment**" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *further*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "**Investment**" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "**Investment**" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any asset transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company. The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"**Investment Grade Securities**" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by the United States of America (or any state or commonwealth thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A–" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) Investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"**Investment Grade Status**" shall occur when the Notes receive at least two of the following:

(1) a rating of "BBB–" or higher from S&P; or

(2) a rating of "Baa3" or higher from Moody's; or

(3) a rating of "BBB–" or higher from Fitch,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's, Fitch or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"**IRU**" means an indefeasible right of use of or operating lease or licence or payable for (a) lit or unlit (1) fiber optic cable, (2) telecommunications conduit, and/or (3) telecommunications line; and/or (b) mobile tower, whether active or inactive; or, in each case, any similar or equivalent infrastructure and/ or asset or equipment.

"**Issue Date**" means the date of the issuance of the first series of Notes under the Indenture, expected to be on July 17, 2024.

"**Lien**" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); provided that in no event shall an operating lease be deemed to constitute a Lien.

"**Management Advances**" means loans, advances or other payments made to, or Guarantees with respect to loans, advances or payments made to, current, former or future directors, officers, employees or consultants of any Parent Holding Company, the Company or any Restricted Subsidiary (or to any trust or other entity holding shares or other investments in connection with any MEP, incentive scheme or similar arrangement):

(a) (i) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (ii) for purposes of funding (directly or indirectly, including by way of refinancing previous acquisitions) the acquisition of shares or other ownership interests or investments pursuant to any MEP, incentive scheme or similar arrangement and/or the acquisition of shares or other ownership interests or investments from current, former or future employees or management;

(b) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(c) the outstanding principal amount of which (excluding capitalized interest) does not in aggregate exceed the greater of (x) €125,000,000 (or its currency equivalent) and (y) 10% of Consolidated EBITDA at any time.

"**Management Investors**" means the current, former or future officers, directors, employees and other members of the management of or consultants to any Parent Holding Company, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership, company or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent Holding Company.

"**Market Capitalization**" means,

(a) if the time of determination is on or prior to the date falling two years after the Completion Date, the higher of:

(i) the sum of (A) the number of ordinary shares of the Parent issued for the purpose of financing the Acquisition, including to EJLSHM Funding Limited, multiplied by the applicable subscription price and (B) (without double counting) the number of other ordinary shares of the Parent trading on the London Stock Exchange immediately prior to such time of determination, multiplied by the higher of the applicable subscription price and £1.50 per share; and

(ii) the number of ordinary shares of the Parent trading on the London Stock Exchange immediately prior to such time of determination multiplied by the closing share price at the end of the most recent financial quarter of the Parent; and

(b) if the time of determination is after the date falling two years after the Completion Date, the number of ordinary shares of the Parent trading on the London Stock Exchange immediately prior to such determination multiplied by the closing share price at the end of the most recent financial quarter of the Parent.

"**Material Assets**" means any assets owned by the Company or any Restricted Subsidiary that are, in the good faith determination of the Company, material to the operation of the business of the Group, taken as a whole.

"**MEP**" means any management equity plan, employee benefit scheme, incentive scheme or other similar or equivalent arrangement (in each case whether implemented or to be implemented) of the Company or any of its Subsidiaries or its Holding Companies.

"**MEP Payment**" means any payment or transaction which is, or which is to be made, entered into or used directly or indirectly (or to facilitate any such step or payment):

(1) to make payment to a member of any MEP (including payments to members leaving any MEP) or any trust or other person in respect of any MEP, incentive scheme or similar arrangement or pay any costs and expenses properly incurred in the establishing and maintaining of any MEP, incentive scheme or similar arrangement (provided further that, for the avoidance of doubt, nothing in the Indenture shall prohibit any payments to, or the acquisition of shares or other interests or investments of, employees or management); and/or

(2) for repayment or refinancing of amounts outstanding under any loan made in connection with an MEP, incentive scheme or similar arrangement or capitalization of such loans.

"**Moody's**" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"**Nationally Recognized Statistical Rating Organization**" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) under the Exchange Act.

"**Net Available Cash**" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credits or deductions and any tax sharing arrangements), as a consequence of such Asset Disposition, including distributions for Related Taxes;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by its terms or by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent Holding Company, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"**Net Cash Proceeds**" with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credit or deductions and any tax sharing agreements, and including distributions for Related Taxes).

"**Network Guarantee**" means any guarantee, counter-guarantee, bond, indemnity, letter of credit, credit insurance, documentary or like credit or any other instrument of suretyship or payment (including under any bonding facility or similar or equivalent financial accommodation) issued or otherwise provided or acquired by or on behalf of any member of the Group: (a) to any regulator or regulatory body; (b) to any trade association or similar or equivalent body; (c) in order to comply with an order of any agency of state, authority, or other regulatory body or applicable law or regulation; (d) to, or for the benefit of, any customer, supplier and/or other commercial counterparty of the Group; and/or (e) in connection with the licensing, purchase, auction, award, acquisition and/or procurement of any spectrum licence or arrangements (including any subasta de espectro and/or tasas del espacio radioeléctrico).

"**New Senior Facilities Agreement**" means the agreement governing the €1,288 million equivalent term facility denominated in euros and in U.S. dollars (the "**Term Loan B**") under which the Company and/or Zegona Finance LLC (as the case may be) expects to borrow senior secured loans on or around the Issue Date, which will rank *pari passu* with the Notes and be secured by the Collateral securing the Notes on a *pari passu* basis.

"**Note Documents**" means the Notes (including Additional Notes), the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement.

"**Offering Memorandum**" means the final offering memorandum in relation to the Notes originally issued.

"**Officer**" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"**Officer's Certificate**" means, with respect to any Person, a certificate signed by one Officer of such Person.

"**Opinion of Counsel**" means a written opinion from legal counsel, in form and substance reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"**Parent Debt Contribution**" means a contribution of net proceeds of Indebtedness of any Parent Holding Company to the equity of the Company or any of its Restricted Subsidiaries in any form or any other provision of such net proceeds (including by way of Indebtedness) to the Company or any Restricted Subsidiary pursuant to which dividends, loans, distributions, advances, or other payments may be paid pursuant to clause 1(c) of the first paragraph of the provision described under "*—Limitation on Restricted Payments*."

"**Parent Holding Company**" means any Person of which the Company at any time is or becomes a Subsidiary and any holding companies established by any Permitted Holder for purposes of holding its majority investment in the Company or any Parent Holding Company.

"**Parent Holding Company Expenses**" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent Holding Company in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to the Notes, the Guarantees or any other Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed or delivered with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent Holding Company owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and/or its Subsidiaries;

(3) obligations of any Parent Holding Company in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and/or its Subsidiaries;

(4) fees, costs and expenses payable by any Parent Holding Company in connection with the Transactions;

(5) general corporate overhead expenses, including (a) all legal, accounting and other professional fees and expenses and other operational expenses of any Parent Holding Company related to the ownership or operation of the business of the Company or any Restricted Subsidiary (including remuneration payable to employees, directors and officers) or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent Holding Company; and

(6) expenses Incurred by any Parent Holding Company in connection with any offering, sale, conversion or exchange of Subordinated Shareholder Funding, Capital Stock or Indebtedness, including any Public Offering or other sale of Capital Stock or Indebtedness:

  (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

  (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; and/or otherwise on an interim basis prior to completion of such offering so long as any Parent Holding Company shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed,

and any related compensation paid to officers, directors and employees of such Parent Holding Company.

"**Pari Passu Indebtedness**" means any Indebtedness of the Issuer or any Guarantor if such Indebtedness or Guarantee ranks equally in right of payment with any of the Senior Liabilities (as defined in the Intercreditor Agreement), as the case may be, and, in each case, is secured by a first-ranking Lien on the Collateral.

"**Paying Agent**" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

"**Pension Items**" means any income or charge attributable to a post-employment benefit scheme other than the current cash service costs.

"**Pension Scheme**" means any pension scheme operated by any member of the Group from time to time.

"**Permissible Jurisdiction**" means any member state of the European Union, the United States, the United Kingdom, or the Channel Islands.

"**Permitted Asset Swap**" means the substantially concurrent purchase and sale or exchange of assets, or other transactions in the form that has the same or similar effect as an exchange of assets, used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any Restricted Subsidiary and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock.*"

"**Permitted Collateral Liens**" means:

(1) (i) Liens on the Collateral that (a) are described in one or more of the clauses (1), (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (17), (18), (19), (20), (21), (23), (27), (28), (30), (31), (32), (33), (34), (35), (36), (37), (39), (41), (42), (43), (44) and (48) of the definition of "Permitted Liens" or (b) are Liens on bank accounts equally and ratably granted to cash management banks securing cash management obligations or (ii) Liens on assets that only constitute part of the Collateral because such assets are subject to a floating charge, all asset security, or equivalent Lien for the benefit of (or to secure) the Notes or the Notes Guarantees that are described in one or more clauses of the definition of "**Permitted Liens**";

(2) [Reserved];

(3) Liens on the Collateral to secure Indebtedness or other obligations of the Company or a Restricted Subsidiary that are permitted to be Incurred under the first paragraph or clauses (1), (2) (to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), (5)(a) (covering only the shares and assets of the acquired Person the Indebtedness of which is so secured), (5)(b), (6), (7), (11), (12) and/or (15) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness;

provided, that such Lien will not give an entitlement to be repaid with proceeds of enforcement of the Collateral in a manner which is inconsistent with the Intercreditor Agreement and any Additional Intercreditor Agreement; *provided further* that any revolving Indebtedness (together with any Guarantees thereto) Incurred under clause (1) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" up to an aggregate principal amount of the greater of €500,000,000 and 40% of Consolidated EBITDA or under clause (6) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" may receive priority as to the receipt of proceeds from enforcement of, and certain distressed disposals of, the Collateral and nothing in this definition shall prevent lenders under any Credit Facilities from providing for any ordering or payments and/or recoveries under multiple tranches of such Credit Facilities; *provided further,* that in the case of Liens securing Indebtedness Incurred pursuant to the first paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness,*" if the relevant Lien ranks pari passu with the Liens securing the Notes (including pursuant to the provisions of the Intercreditor Agreement), after giving effect to such Incurrence on the relevant date (and *pro forma* for any use of proceeds), the Consolidated Senior Secured Leverage Ratio does not exceed 3.10 to 1.00;

provided further, that in the case of Liens securing Indebtedness Incurred pursuant to clauses (5)(a) and (b) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness,*" after giving effect to such Incurrence on that date (and *pro forma* for any use of proceeds), the Consolidated Senior Secured Leverage Ratio is either equal to or less than 3.10 to 1.00, or no higher than immediately prior to such Incurrence; and

(4) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes, *provided* that, in each case of clauses (1) to (4) above, the holders of such Indebtedness (or their representative) accede to the Intercreditor Agreement or an Additional Intercreditor Agreement.

For purposes of determining compliance with this definition, in the event that a Permitted Collateral Lien meets the criteria of one or more of the categories of Permitted Collateral Liens described above, the Company will be permitted to classify such Permitted Collateral Lien on the date of its Incurrence and reclassify such Permitted Collateral Lien at any time and in any manner that complies with this definition. To the extent that Indebtedness relating to an instrument or agreement is permitted to be secured by a Permitted Collateral Lien, other associated obligations under such instrument or agreement not themselves constituting Indebtedness may also be secured by such Permitted Collateral Lien.

"***Permitted Parent Reorganization***" means any transaction pursuant to which a wholly-owned Subsidiary of Zegona Midco ("**New Midco**") that is incorporated in the United Kingdom, Spain or the United States becomes the sole shareholder of the Company and, prior to or simultaneously with becoming the sole shareholder of the Company, (i) accedes to the Indenture and the Intercreditor Agreement as a Third Party Security Provider (as defined therein); (ii) enters into substantially equivalent replacement or additional Security Documents in respect of all the shares in the Company and all receivables owed by the Company to such New Midco; (iii) delivers an Officer's Certificate and Opinion of Counsel in form and substance satisfactory to the Trustee and Security Agent in respect of such Security Documents; and (iv) confirms that immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing. Upon consummation of a Permitted Parent Reorganization, all references to Zegona Midco in the Indenture shall be deemed to refer to New Midco, as applicable.

"**Permitted Holders**" means, collectively, (1) Senior Management and Related Persons, (2) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Holding Company or the Company, acting in such capacity, (3) any one or more Persons, together with such Persons' Affiliates, whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture and (4) any "group" (as such term is defined under Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; provided that, in the case of such group and without giving effect to the existence of such group or any other group, Persons referred to in subclauses (1) through (3), collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company or any Parent Holding Company held by such group.

"**Permitted Investment**" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business where such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practice;

(6) Management Advances and MEP Payments;

(7) Investments received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from:

(a) a Permitted Asset Swap; or

(b) an Asset Disposition; or

(c) any other sale or disposition of assets, or issuance or sale of Capital Stock, not constituting an Asset Disposition;

(9) Investments in existence on, or made pursuant to contractual commitments in existence on:

(a) in the case of the Group, the Issue Date (or, in the case of any Person which becomes a member of the Group after the Issue Date, any Investments in existence on, or to which that Person is contractually committed as at the date on, which it becomes a member of the Group); or

(b) in the case of the Vodafone Spain Group, the Issue Date, and in the case of any such Investment or commitment, as that Investment or commitment is extended, modified, replaced or renewed from time to time;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with the covenant described under "*Certain Covenants—Limitation on Indebtedness*";

(11) Investments, the outstanding principal amount of which when taken together with all other Investments made pursuant to this paragraph (excluding capitalized interest) at the time of such Investment does not exceed the greater of (x) €250,000,000 (or its currency equivalent) and (y) 20% of Consolidated EBITDA provided that, if an Investment is made pursuant to this clause (11) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of this definition of Permitted Investment and not this clause (11);

(12) Investments in negotiable instruments held for collection and pledges or deposits with respect to workers' compensation, leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of Permitted Liens or made in connection with Liens permitted under the covenant described under "*Certain Covenants—Limitation on Liens*;"

(13) without double counting, any Investment to the extent made directly or indirectly using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent Holding Company or an equity contribution (or the proceeds of an equity contribution) as consideration (in each case, other than Parent Debt Contribution);

(14) any transaction to the extent constituting an Investment that is:

(a) specified in or contemplated by the second paragraph of the covenant described under "*Certain Covenants—Limitation of Affiliate Transactions*" other than clauses (1), (6), (9), (10) and (15) thereof; or

(b) made pursuant to or in connection with:

(i) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Holding Company, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(ii) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(iii) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction) or between or among Restricted Subsidiaries;

(iv) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(v) (1) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding and (2) any amendment, waiver or other transaction with respect to any indebtedness constituting an equity contribution in compliance with the other provisions of the Indenture; or

(vi) a Permitted Reorganization; and

(c) any transaction effected as part of a Qualified Receivables Financing or in connection with the discounting or factoring (or other similar or equivalent arrangement) of receivables, bills of exchange and/or inventory in the ordinary course of business (or any other receivables-based financing arrangements) not prohibited by the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(15) Investments consisting of:

(a) purchases and acquisitions of inventory, supplies, materials and equipment or leases or agreements in respect of vehicles, information technology and other electronic equipment and point of sale equipment or network or related (or similar or replacement) assets or licenses or leases of intellectual property, in each case in the ordinary course of business; or

(b) licensing or contribution of intellectual property pursuant to joint marketing arrangements with other persons;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(17) Investments in Permitted Joint Ventures provided that the aggregate outstanding principal amount of Investments made pursuant to this clause (17) (excluding capitalized interest) does not exceed the greater of (x) €150,000,000 (or its currency equivalent) and (y) 12% of Consolidated EBITDA plus, in each case, an amount equal to 100% of the dividends, distributions and other amounts (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from any Permitted Joint Venture (which dividends or distributions are not included in the calculation under clause (c)(iv) of the first paragraph of the covenant described under "***Certain Covenants—Limitation on Restricted Payments***", provided that if an Investment is made pursuant to this clause (17) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of this definition of Permitted Investments and not this clause (17);

(18) Investments consisting of the acquisition of shares or other ownership interests held directly or indirectly by current, former or future employees or members of management or any trust or other person in respect of or in connection with any MEP, incentive scheme or similar arrangement;

(19) any vendor loan or similar instrument issued or entered into in respect of a disposal not prohibited under the Indenture, provided that for the avoidance of doubt, contingent consideration arrangements (including earn outs) shall not constitute Investments for the purpose of the Indenture;

(20) Investments made pursuant to transactions required by, or to facilitate compliance with, any laws applicable to a member of the Group;

(21) any dilution, delinquency, anticipated or first loss loan or reserve (or other loan or similar arrangement) in connection with any transaction of a type permitted pursuant to the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or any disposal not otherwise prohibited by the terms of the Indenture;

(22) Investments made in connection with Capitalized Lease Obligations, hire purchase, conditional sale, sale and leaseback or other agreement for the acquisition of any asset upon deferred payment terms, in each case where such agreement or arrangement is not otherwise prohibited by the terms of the Indenture; and/or

(23) loans or extensions of credit (or any repayment thereof) to the extent the amount thereof would be permitted:

(a) as a Guarantee under the covenant described under "*Certain Covenants—Limitation on Indebtedness*" if such loans or extensions of credit were made by third parties under the Guarantee of the Company or a Restricted Subsidiary; or

(b) without double counting, as a Permitted Payment and/or as a Permitted Investment pursuant to another paragraph of this definition, or a dividend or distribution not prohibited by "*Certain Covenants—Limitations on Restricted Payments*";

(24) any Investment pursuant to the exercise of put/call options (or any equivalent right or obligation) arising under any joint venture permitted by the terms of the Indenture (in each case provided that such put/call option was entered into for *bona fide* business reasons);

(25) any loan or extension of credit made by a member of the Vodafone Spain Group and outstanding on the Issue Date (or, in the case of any Person which becomes a member of the Group after the Issue Date, any loan or extension of credit made by that Person and outstanding on the date on which it becomes a member of the Group), or, in each case, any refinancing, replacement, extension or renewal thereof;

(26) any Investment funded directly or indirectly with the proceeds of the issuance or sale of Capital Stock of the Company or Subordinated Shareholder Funding or a contribution to equity of the Company, *provided* that no amount shall be taken into account for the purpose of this paragraph where to do so would result in double counting as a consequence of that amount being (at the Company's option) included in the calculation set out in clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*";

(27) any transaction with or in respect of a joint venture entered into or made in the ordinary course of trading;

(28) [Reserved];

(29) trade credit given on normal commercial terms (including, without limitation, the making of loans and the granting of credit to customers in the ordinary course of activities);

(30) a loan made, credit granted or guarantee given by a member of the Group to or for the benefit of any employee or director of any member of the Group (or any person who was an employee or director at the time the loan was made, credit granted or guarantee given) provided that the maximum aggregate principal amount of Indebtedness outstanding under all loans made, credit granted and guarantees given pursuant to this sub-clause (30) (excluding capitalized interest) does not at any time exceed an amount equal to the greater of (x) €65,000,000 (or its currency equivalent) and (y) 5% of Consolidated EBITDA plus the aggregate amount of all such loans, credit and guarantees in existence as at the Issue Date;

(31) any arrangement in respect of, or the making of, a Permitted Payment (or other payment or matter permitted by the covenant described under "*Certain Covenants—Limitation on*

Restricted Payments") or any transaction to facilitate the making of a Permitted Payment (or such other payment or matter);

(32) any credit balances held with banks or other financial institutions;

(33) any Investment arising as a result of the operation of cash pooling, net balance, balance transfer or similar arrangements made available to members of the Group or arising in the course of other treasury management operations of the Group;

(34) advance payments made in relation to capital expenditure of the Group in the ordinary course of business;

(35) loans to or for the benefit of current, future or former employees or members of management (or any trust or other entity holding shares or other investments in connection with any MEP, incentive scheme or similar arrangement) the proceeds of which are to be used (directly or indirectly, including by way of refinancing previous acquisitions) to fund the acquisition of shares or other ownership interests or investments pursuant to any MEP, incentive scheme or similar arrangement and loans the proceeds of which are to be used (directly or indirectly) to fund the acquisition of shares or other ownership interests or investments from current, future or former employees or management, in each case as any such loan may be replaced, renewed or extended from time to time;

(36) any loan made or credit granted in connection with any actual, proposed or future payment of Tax (including as a consequence of any 'group contributions' or similar or equivalent arrangements);

(37) any loan or credit to the extent not representing, and any guarantee to the extent not in respect of, Indebtedness;

(38) any guarantee given to or for the benefit of any liquidator (or similar officer) or creditor in connection with any Permitted Reorganization (including a liquidation, winding up, dissolution or similar step occurring as part of a Permitted Reorganization) or permitted capital reduction;

(39) the endorsement of negotiable instruments in the ordinary course of trade;

(40) any guarantee given in the ordinary course of business in respect of Indebtedness of customers or suppliers;

(41) any guarantee given on arm's length terms in favour or for the benefit of a purchaser of assets (or an Affiliate thereof) from a member of the Group or in favour or for the benefit of a seller (or an Affiliate thereof) in connection with an acquisition permitted by the covenant described under "*Certain Covenants—Limitation on Restricted Payments*";

(42) Investments in Unrestricted Subsidiaries provided that the aggregate outstanding principal amount of Investments made pursuant to this clause (excluding capitalized interest) does not exceed the greater of (x) €50,000,000 (or its currency equivalent) and (y) 4% of Consolidated EBITDA plus, in each case, an amount equal to 100% of the dividends, distributions and other amounts (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from any Unrestricted Subsidiary (which dividends or distributions are not included in the calculation under clause (c) of the first paragraph of the covenant described under "*Certain Covenants—Limitation on Restricted Payments*", provided that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*Certain Covenants—Limitation on Restricted Payments*" such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of this definition of Permitted Investments and not this clause;

(43) any Investment, so long as, immediately after giving *pro forma* effect to the making of any such Investment and the incurrence of any Indebtedness the net proceeds of which are used to make such Investment, the Consolidated Net Leverage Ratio of the Company and its Restricted Subsidiaries shall be no greater than 3.10 to 1.00; and

(44) any Investment acquired by the Company or any Restricted Subsidiary:

(a) in exchange for any other Investment or accounts receivable held by the Company or any Restricted Subsidiary, in each case, in connection with or as a result of a bankruptcy, workout, reorganization, recapitalisation or other settlement of such other Investment or accounts receivable; or

(b) as a result of a foreclosure by the Company or any Restricted Subsidiary with respect to any secured Investment or other transfer of title with respect to any secured Investment in default,

provided, *however*, that any transfer, or grant of exclusive license, of any Material Assets by the Company or any of the Restricted Subsidiaries to an Unrestricted Subsidiary shall not be permitted under the Indenture.

"**Permitted Joint Venture**" means: (a) any corporation, association or other business entity (other than a partnership) that is not a Restricted Subsidiary and of which a portion of the Capital Stock is at the time of determination owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof; and (b) any partnership, joint venture, limited liability company or similar entity that is not a Restricted Subsidiary and of which a portion of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are at the time of determination, owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise.

"**Permitted Liens**" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor permitted by the covenant described under "*Certain Covenants—Limitation on Indebtedness*";

(2) pledges, deposits or Liens under workmen's compensation laws, old-age-part-time arrangements, payroll taxes, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or pension related obligations or deposits securing liability to insurance carriers under insurance or self- insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, surety, stay, indemnity, judgment, customs, appeal or performance bonds, guarantees of government contracts, return-of-money bonds, bankers' acceptance facilities (or other similar bonds, instruments or obligations), obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business or consistent with past practice;

(3) Liens with respect to outstanding motor vehicle fines and Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings;

(5) Liens in favor of the issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of such Person in the ordinary course of its business;

(6) encumbrances, charges, ground leases, easements (including reciprocal easement agreements and any Liens arising in connection with any swapping of logistics capabilities), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, utility agreements, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and the Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, which do not in the

aggregate materially adversely affect the value of said properties (taken as a whole) or materially impair their use in the operation of the business of the Company and the Restricted Subsidiaries (taken as a whole);

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture and Cash Management Services;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; provided that (a) the Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions or standard terms and procedures relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts, securities accounts or other funds maintained with a depositary or financial institution or clearing system;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding leases entered into by the Company and/or any Restricted Subsidiary in the ordinary course of business;

(13) Liens existing on the Issue Date (together with any relevant replacement, renewal or extension of any such Lien from time to time), excluding Liens securing the Indenture;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary), *provided,* that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of any Restricted Subsidiary securing Indebtedness or other obligations owing to the Company or another Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than in respect of Liens initially incurred pursuant to clause (25) of this definition) provided that any such Lien is limited to all or part of the same assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of an asset that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or other lease;

(18) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on assets over which the Company or any Restricted Subsidiary of the

Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(19) any Lien, encumbrance or other restriction (including put and call arrangements) with respect to Capital Stock of, or other ownership interests in, any joint venture, minority interest arrangement or other similar investment or arrangement (and/or related assets, including shares or other ownership interests in any special purpose vehicle holding any such assets) pursuant to any joint venture, minority interest or other similar agreement and any Lien constituting a Permitted Investment;

(20) Liens on assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such assets;

(21) Liens on cash accounts securing Indebtedness Incurred under clause (10) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities or pursuant to any derivative or hedging transaction, or liens over cash accounts securing cash pooling arrangements or any Settlement Liens;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods or otherwise in connection with any leasing (including sale and leaseback transactions), vendor financing or similar arrangements;

(25) Liens provided that the aggregate outstanding principal amount of Indebtedness (excluding capitalized interest) secured by such Liens does not exceed the greater of (x) €75,000,000 (or its currency equivalent) and (y) 6% of Consolidated EBITDA;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary;

(28) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(29) Liens securing Indebtedness permitted to be Incurred pursuant to clause (16) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*;

(30) any cash collateral arrangement securing the obligations of an ancillary lender, landlord, hedging counterparty or regulator in respect of ancillary facilities, leases, hedging obligations or capital, surety or other guarantee requirements under applicable regulations of the Company or its Restricted Subsidiaries;

(31) Liens arising on rental deposits in connection with the occupation of leasehold and/or licensed premises in the ordinary course of business;

(32) any Liens granted in favour of creditors so as to implement a Permitted Reorganization or a permitted capital reduction and Liens arising in connection with a Permitted Tax Restructuring;

(33) any Lien constituting a right to use certain assets of the Group or any similar or equivalent arrangement, in each case to the extent that such Lien is granted or arises in respect of the obligations of one or more member of the Group under any contract entered into in the ordinary course of business;

(34) Liens arising by operation of law or regulation, by contract or under general business conditions, in each case by virtue of the provision of general banking or overdraft facilities or arrangements (including any cash pooling, net balance, balance transfer, netting, set-off or similar arrangements entered into by any member of the Group) or as otherwise required by a bank or

financial institution under its standard terms and conditions (1) for operation of any accounts or facilities, (2) for transactions in the ordinary course of banking arrangements or (3) for other transactions expressly permitted or required by the Indenture, the Intercreditor Agreement or any Security Document;

(35) Liens arising by way of rights of set-off, bailment or similar rights arising pursuant to any risk and/or revenue sharing contract and other contracts entered into in the ordinary course of business;

(36) any Liens (including escrow, cash collateral or similar arrangements and arrangements with tax authorities) arising in connection with:

(a) any acquisition or disposal not prohibited by the terms of the Indenture; or

(b) any other acquisition or disposal made by a member of the Vodafone Spain Group prior to the Issue Date;

(37) payments into court or any Lien arising in connection with any legal proceedings being contested by any member of the Group in good faith (including Liens arising under any court order or injunctions or security for costs);

(38) any Liens granted over or in relation to amounts (and/or any related accounts, rights and interests) received or to be received by any member of the Group on behalf of (or otherwise required to be paid to) any person not being a member of the Group;

(39) Liens arising in connection with any transaction or arrangements permitted under clause (22) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*" or clause (19) of the definition of Permitted Investment;

(40) any Liens granted to secure the obligations of the Group in respect of arrangements permitted under clause (18) of the second paragraph of the covenant described under "*Certain Covenants—Limitation on Indebtedness*;"

(41) any Liens over shares or other interests in any Permitted Joint Venture and/or related assets (including the shares or other ownership interests in any special purpose vehicle holding any such assets) granted or arising in connection with arrangements relating to a Permitted Joint Venture;

(42) Liens arising pursuant to an order of attachment or injunction restraining disposal of assets or similar legal process and any other Liens arising in connection with court proceedings which are contested by any member of the Group in good faith;

(43) Liens on cash, Cash Equivalents or other assets arising in connection with the defeasance, discharge or redemption of Indebtedness;

(44) Liens arising by operation of law (or by agreement to the same effect) in the ordinary course of business and not as a result of any default or omission on the part of the Company or any Restricted Subsidiary;

(45) any Liens expressly permitted by the terms of the Indenture, the Intercreditor Agreement or any Security Document;

(46) [Reserved];

(47) [Reserved]; and

(48) any Lien arising in connection with any cash collateral or similar or equivalent arrangements in respect of a guarantee granted by a member of the Group or any other guarantee granted in respect of the obligations or liabilities of any member of the Group (in each case to the extent that such guarantee is not prohibited by the terms of the Indenture).

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with the Indenture and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Permitted Parent Transactions*" means (i) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent Holding Company, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business; (ii) any Management Advances and/or MEP Payments (and in each case any waiver or transaction with respect thereto); (iii) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent Holding Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees); or (iv) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business.

"*Permitted Reorganization*" means:

(1) any amalgamation, demerger, merger, voluntary liquidation, consolidation, reorganization, winding up or corporate reconstruction involving the Company or any of the Restricted Subsidiaries (a "*Reorganization*") that is made on a solvent basis; provided that:

  (a) any payments or assets distributed in connection with such Reorganization remain within the Company and the Restricted Subsidiaries; and

  (b) if any shares or other assets form part of the Collateral, substantially equivalent Liens (not taking account of any hardening periods), in the good faith judgment of an Officer, must be granted over such shares or assets of the recipient such that they form part of the Collateral;

(2) any Permitted Tax Restructuring;

(3) any transaction (other than the granting of security or the incurring of Indebtedness) conducted in the ordinary course of trading on arm's length terms;

(4) any re-organization or other step (including any preparatory action) taken in connection with any disposal of shares in an Initial Public Offering (without prejudice to any prepayment obligation arising in relation to any such disposal);

(5) any step, circumstance or transaction which is mandatorily required by law (including arising under an order of attachment or injunction or similar legal process);

(6) any conversion of a loan, credit or any other indebtedness outstanding into distributable reserves, share capital, share premium or other equity interests of any member of the Group or any other capitalization, forgiveness, waiver, release or other discharge of any loan, credit or other indebtedness, in each case on a cashless basis; and

(7) any Network Guarantee (and any step, circumstance, payment or transaction under or in connection with a Network Guarantee).

"*Permitted Tax Restructuring*" means any re-organizations (including, without limitation, pursuant to a solvent winding-up where the assets of the relevant company, after paying its liabilities, are distributed to its shareholders, as well as any amalgamation, demerger, merger, consolidation or other corporate reconstruction or similar or equivalent transaction) and other activities related to tax planning and tax reorganization entered into prior to, on or after the Issue Date, in each case provided that such Permitted Tax Restructuring is not materially prejudicial to the interests of the Holders taken as a whole under the Indenture (as determined by the Company in good faith).

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) at least 20% of the total issued and outstanding ordinary shares or common equity of the IPO Entity has been distributed to investors other than the Permitted Holders or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (other than Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market or better terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any Restricted Subsidiary (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Facility*" means an arrangement between the Company or a Restricted Subsidiary and a counterparty pursuant to which (a) the Company or such Restricted Subsidiary, as applicable, sells (directly or indirectly) accounts receivable owing by customers, together with Receivables Assets owed to the Company or a Restricted Subsidiary related thereto, (b) the obligations of the Company or such Restricted Subsidiary, as applicable, thereunder are non-recourse (except for Receivables Repurchase Obligations) to the Company and such Restricted Subsidiary and (c) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings and shall include any guaranty in respect of such arrangements.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and

other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any other Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates the Company or any other Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iii) subjects any property or asset of the Company or any other Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any other Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any other Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances," "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness, Disqualified Stock or Preferred Stock existing on the date of the Indenture or Incurred in compliance with the Indenture (including (i) Indebtedness of the Company that refinances Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary and Indebtedness, Disqualified Stock or Preferred Stock of any Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Company or another Restricted Subsidiary and (ii) Indebtedness Incurred under any facility or other financial accommodation that replaced another facility or financial accommodation that was permitted by the Indenture, up to the maximum aggregate amount of that prior facility or financial accommodation, notwithstanding the amount actually outstanding thereunder at the time of replacement) including Indebtedness that refinances Refinancing Indebtedness; *provided* that:

(1) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, Disqualified Stock or Preferred Stock, such Refinancing Indebtedness is Subordinated Indebtedness, Disqualified Stock or Preferred Stock, respectively, and, in the case of Subordinated Indebtedness, (A) is subordinated to the Notes and/or the Guarantees (as applicable) on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced and (B) has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, one year after the Stated Maturity of the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding (and/ or, as the case may be, the aggregate amount of any relevant unutilized commitments, undrawn amounts or other available capacity) of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Guarantees, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *further*, that Refinancing Indebtedness shall not include (i) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary or (ii) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*," with respect to any Permitted Holder, means:

(1) any controlling equity holder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (provided that such Taxes are in fact paid) by any Parent Holding Company by virtue of its:

(a) being incorporated or organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a Parent Holding Company, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment in respect of any of the items for which the Company is permitted to make payments to any Parent Holding Company pursuant to "*Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent Holding Company or party to a Tax Sharing Agreement, any Taxes measured by income for which such Parent Holding Company is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group,

affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company (including unless otherwise specified, the Issuer) other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Agent*" means ING Bank N.V., London Branch, and its successors and assigns.

"*Security Documents*" means the Intercreditor Agreement and the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Senior Facilities Agreement*" means the senior credit facility agreement among, *inter alios*, the Company, Zegona Bidco, ING Bank N.V., London Branch, as agent and security agent, dated May 24, 2024, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time, which provides for a €500,000,000 term loan A facility (the "*Term Loan A*"), a €3,410,000,000 bridge facility (the "*Bridge Facility*") and an up to €500,000,000 revolving credit facility (the "*Revolving Facility*").

"*Senior Management*" means the officers, directors, and other current or former members of senior management of the Issuer, any Parent Holding Company, the Company or any of its Subsidiaries, who (or the Related Persons of whom) at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent Holding Company.

"*Senior Secured Indebtedness*" means any Indebtedness included in the definition of Consolidated Net Indebtedness, which is secured pari passu with the Notes (including, for the avoidance of doubt, any Notes) on the Collateral and which ranks pari passu with the Notes (including, for the avoidance of doubt, any Notes), including, for the avoidance of doubt, any such Indebtedness that receives priority as to the receipt of proceeds of enforcement of the Collateral under the Intercreditor Agreement or any Additional Intercreditor Agreement.

"*Settlement*" means the transfer of cash or other property with respect to any credit or debit card charge, check or other instrument, electronic funds transfer, or other type of paper-based or electronic payment, transfer, or charge transaction for which a person acts as a processor, remitter, funds recipient or funds transmitter in the ordinary course of its business.

"*Settlement Asset*" means any cash, receivable or other property, including a Settlement Receivable, due or conveyed to a person in consideration for a Settlement made or arranged, or to be made or arranged, by such person or an Affiliate of such person.

"*Settlement Indebtedness*" means any payment or reimbursement obligation in respect of a Settlement Payment.

"*Settlement Lien*" means any Lien relating to any Settlement or Settlement Indebtedness (and may include, for the avoidance of doubt, the grant of a Lien in or other assignment of a Settlement Asset in consideration of a Settlement Payment, Liens securing intraday and overnight overdraft and automated clearing house exposure, and similar Liens).

"*Settlement Payment*" means the transfer, or contractual undertaking (including by automated clearing house transaction) to effect a transfer, of cash or other property to effect a Settlement.

"*Settlement Receivable*" means any general intangible, payment intangible, or instrument representing or reflecting an obligation to make payments to or for the benefit of a person in consideration for a Settlement made or arranged, or to be made or arranged, by such person.

"*Significant Subsidiary*" means any Restricted Subsidiary which (on a consolidated basis with any other Restricted Subsidiary thereof) is responsible for earnings before interest, tax, depreciation and amortization exceeding 10% of Consolidated EBITDA as of the Applicable Test Date.

"*Similar Business*" means (a) any businesses, services or activities engaged in or contemplated by the Company or any of its Subsidiaries or any Associates on the Issue Date; and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Transaction*" means, with respect to any period (including any period prior to the Issue Date), any Investment, disposal, Incurrence of Indebtedness, refinancing, prepayment or repayment of Indebtedness, Restricted Payment, Unrestricted Subsidiary or Restricted Subsidiary designation, provision of an additional facility, restructuring, other strategic initiative or other action (including, for the avoidance of doubt, the entering into of any new contractual arrangement, any amendment of an existing contractual arrangement and/or any acquisition, opening and/or development of a site or operation) of any member of the Group (including for this purpose any person that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of the relevant period) after the Issue Date.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any facility, debt security or other financial accommodation, the date specified in such facility, debt security or other financial accommodation as the fixed date on which the payment of principal of such facility, debt security or other financial accommodation is due and payable, including pursuant to any mandatory redemption provision, but shall not include any Contingent Obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any of the Notes Guarantees pursuant to a written agreement (and for the avoidance of doubt, for the purposes of the Indenture (i) Indebtedness shall not be considered subordinated in right of payment solely because it is unsecured, or secured on a junior basis to or entitled to proceeds from security enforcement after, other Indebtedness and (ii) Senior Liabilities (as defined in the Intercreditor Agreement) shall not constitute Subordinated Indebtedness).

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by a Parent Holding Company in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent Holding Company or a Permitted Holder; provided, that such Subordinated Shareholder Funding in each case:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the date that is six months after the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the date that is six months after the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the date that is six months after the Stated Maturity of the Notes;

(4) does not provide for or require any Guarantee by, or any security interest or encumbrance over any asset of, the Company or any of its Subsidiaries; and

(5) pursuant to its terms is subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent Holding Company*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Successor U.S. Entity*" means the resulting, surviving or transferee Person that assumes all obligations of Zegona Finance LLC under the Senior Facilities Agreement, the Security Documents and, to the extent required by the Intercreditor Agreement, the Intercreditor Agreement in accordance with the merger and consolidation covenant in the Senior Facilities Agreement.

"*Synergies*" means synergies and savings (including, without limitation and for the avoidance of doubt, operating expense reductions, operating improvements or adjustments and other similar initiatives).

"*T2*" means the real time gross settlement system operated by the Eurosystem, or any successor system.

"T2 Day" means any day on which T2 is open for the settlement of payments in euro.

"*Tax Sharing Agreement*" means any fiscal unity arising under relevant tax laws, and any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent Holding Company or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed or levied by any government or other taxing authority.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States of America (or any state or commonwealth thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date; (ii) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds; or (iii) any political subdivision, agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating

by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the New Senior Facilities Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in sub-clause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof, in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by the United States of America (or any state thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency, instrumentality or taxing authority thereof, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States of America (or any state or commonwealth thereof or the District of Columbia), Canada (any province thereof), Japan, Australia, Switzerland, Norway, the United Kingdom, the European Union or any member state of the European Union on the Issue Date or, in each case, any political subdivision, agency or instrumentality thereof eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 90% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Transactions*" has the meaning assigned to such term in this Offering Memorandum (as described under "*Summary—The Transactions*").

"*Treasury Rate*" means, as of the applicable redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days (but not more than five Business Days) prior to such redemption date (or, if the most recent Federal Reserve Statistical Release H.15 (519) is no longer published or otherwise available, any publicly available source of similar market data selected in good faith by the Board of Directors of the Company)) most nearly equal to the period from such redemption date to July 15, 2026; provided, however, that if the period from the redemption date to July 15, 2026, is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from such redemption date to July 15, 2026 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"*Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided*, that at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of a collateral agent's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Issuer and any Person of which the Issuer at any time is or becomes a Subsidiary or the Company) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company and any Restricted Subsidiary in such Subsidiary complies with "*Certain Covenants—Limitation on Restricted Payments*."

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately on the Applicable Test Date after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company or a Restricted Subsidiary could Incur at least €1.00 of additional Indebtedness pursuant to the first paragraph of the "*Certain Covenants—Limitation on Indebtedness*" covenant or (y) the Fixed Charge Coverage Ratio of the Company and the Restricted Subsidiaries would not be lower than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of such Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

Notwithstanding the foregoing or anything to the contrary in the Indenture, no Restricted Subsidiary may be designated an Unrestricted Subsidiary if such Subsidiary owns or has an exclusive license to any Material Assets and no Unrestricted Subsidiary may hold or have an exclusive license to any Material Assets.

"**U.S. Government Obligations**" means any security that is (1) a direct obligation of the United States of America for the payment of which the full faith and credit is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depository receipt.

"**Vodafone Group**" means Vodafone Group Plc and its subsidiaries but excluding, from the Completion Date, Vodafone Spain.

"**Vodafone Intercompany Refinancing Loan**" means the intercompany refinancing loan defined as such in the Offering Memorandum.

"**Voting Stock**" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

BOOK-ENTRY, DELIVERY AND FORM

The Euro Notes sold to QIBs in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "**Rule 144A Euro Global Notes**"). The Euro Notes sold outside the United States in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Euro Global Notes**" and, together with the Rule 144A Euro Global Notes, the "**Euro Global Notes**").

The Dollar Notes sold to QIBs in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the "**Rule 144A Dollar Global Notes**"). The Dollar Notes sold outside the United States in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the "**Regulation S Dollar Global Notes**" and, together with the Rule 144A Dollar Global Notes, the "**Dollar Global Notes**"). The Rule 144A Euro Global Notes and the Rule 144A Dollar Global Notes are collectively referred to herein as "**Rule 144A Global Notes**." The Regulation S Euro Global Notes and the Regulation S Dollar Global Notes are collectively referred to herein as the "**Regulation S Global Notes**." The Rule 144A Global Notes and the Regulation S Global Notes are collectively referred to herein as the "**Global Notes**."

The Euro Global Notes will be deposited, on the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream. The Dollar Global Notes will be deposited, on the Issue Date, with a custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the Rule 144A Global Notes ("**Rule 144A Book-Entry Interests**") and ownership of interests in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Rule 144A Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear, and/or Clearstream for the Euro Global Notes, and DTC for the Dollar Global Notes, or persons that may hold interests through such participants. Euroclear, Clearstream and DTC will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear, Clearstream and/or DTC and their participants. The Book-Entry Interests in Euro Global Notes will be issued only in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof and the Book-Entry Interests in Dollar Global Notes will be issued only in minimum denominations of $200,000 and in integral multiples of $1,000 in excess thereof.

The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the registered owners or "**holders**" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear, Clearstream and/or DTC (or their respective nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear, Clearstream or DTC, as applicable, and indirect participants must rely on the procedures of Euroclear, Clearstream or DTC, as applicable, and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuer, the Guarantors, the Trustee, the Security Agent, the Paying Agent, the Transfer Agent, and their respective agents, or any of their respective affiliates will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear, Clearstream and/or DTC, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear, Clearstream or DTC, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear, Clearstream and DTC, if fewer than all of the Notes are to be redeemed at any time, Euroclear and/or Clearstream or DTC, as applicable, will credit their respective

participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate in accordance with their respective operational procedures unless otherwise required by law or applicable stock exchange or depositary requirements; **provided, however, that** no Book-Entry Interest of less than €100,000 principal amount (in the case of Euro Global Notes) or $200,000 (in the case of Dollar Global Notes) may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and additional amounts, if any) to the Paying Agent. The Paying Agent will, in turn, make such payments to the order of the common depositary or its nominee for Euroclear and/or Clearstream (in the case of the Euro Global Notes) or to DTC or its nominee (in the case of the Dollar Global Notes), which will distribute such payments to participants in accordance with their respective customary procedures. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, Security Agent, the Agents (as used in this section, the Registrar, Transfer Agent and Paying Agent, together, the "Agents") and the relevant agents will treat the registered holders of the Global Notes (i.e., Euroclear and/or Clearstream or DTC (or their respective nominees)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Guarantors, the Trustee, Security Agent, the Agents or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear and/or Clearstream or DTC, as applicable, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear and/or Clearstream or DTC, as applicable, or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear and/or Clearstream or DTC, as applicable, or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;

- payments made by Euroclear and/or Clearstream or DTC, as applicable, or any participant or indirect participant, or for maintaining, supervising or reviewing the records of Euroclear and/or Clearstream or DTC, as applicable, or for maintaining, supervising or reviewing the records of Euroclear and/or Clearstream or DTC, as applicable, or any participant or indirect participant;

- Euroclear and/or Clearstream or DTC, as applicable, or any participant or indirect participant; or

- the records of the custodian or common depositary, as applicable.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in "street name".

Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Euro Global Notes will be paid to holders of interests in such Global Notes through Euroclear and/or Clearstream in euros. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interests in such Global Notes through DTC in U.S. dollars.

Action by owners of Book-Entry Interests

Euroclear, Clearstream and DTC have advised us that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear, Clearstream and DTC will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Notes, each of Euroclear, Clearstream and DTC, at the request of the holders of such Notes, reserve the right to exchange the relevant Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to their participants.

Transfers

Subject to compliance with the transfer restrictions applicable to the Notes described herein, transfers between participants in Euroclear, Clearstream and/or DTC, as applicable, will be effected in accordance with Euroclear's, Clearstream's or DTC's rules, as applicable, and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear, Clearstream or DTC, as applicable, and in accordance with the procedures set forth in the Indenture.

The Global Notes will each bear a legend to the effect set forth under "*Notice to Investors.*" Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Notice to Investors.*"

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Notice to Investors*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and Exchange*" as the case may be and, if required, only if the transferor first delivers to the Trustee and Registrar a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "*Notice to Investors.*"

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream (with respect to the Euro Global Notes) or DTC (with respect to the Dollar Global Notes) notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days;

(2) if Euroclear, Clearstream or DTC so requests following an Event of Default (as defined under the "*Description of the Notes*") under the Indenture; or

(3) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear, Clearstream or DTC following an Event of Default under the Indenture.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream and/or DTC, as applicable, or the Registrar (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered

Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Security Agent and each Agent shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the Issuer's registered office, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear, Clearstream and/or DTC, as applicable.

Information concerning Euroclear, Clearstream and/or DTC

All Book-Entry Interests will be subject to the operations and procedures of Euroclear, Clearstream and DTC, as applicable. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. None of the Issuer, the Guarantors, the Trustee, Security Agent, the Agents or any of the Initial Purchasers is responsible for those operations or procedures.

DTC advised the Issuer that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the U.S. Exchange Act. DTC holds and provides asset servicing for issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (that DTC's direct participants deposit with DTC). DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between direct participants' accounts. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC. Euroclear and/or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Exchange. Transfers of interests in the Global Notes between participants in Euroclear, Clearstream or DTC will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear, Clearstream and DTC currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear, Clearstream or DTC, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Guarantors, the Initial Purchasers, the Trustee, the

Security Agent, or the Agents will have any responsibility for the performance by Euroclear, Clearstream, DTC or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Euro Notes will be made in euros and the initial settlement for the Dollar Notes will be made in U.S. dollars. Book-Entry Interests owned through Euroclear, Clearstream or DTC accounts will follow the settlement procedures applicable to conventional Euro bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear, Clearstream and DTC holders, as applicable, on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of DTC and Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear, Clearstream or DTC on days when those systems are open for business.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale or other transfer of the Notes offered hereby.

General

The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act, or the securities laws of any other jurisdiction, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and securities laws of any other applicable jurisdiction. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A under the U.S. Securities Act and in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

We have not registered and will not register the Notes or the Notes Guarantee under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to "qualified institutional buyers," commonly referred to as "QIBs," as defined in Rule 144A under the U.S. Securities Act in compliance with Rule 144A; and

- outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act (and, in this case, only to investors who (a) if resident in a Member State of the European Economic Area, are not retail investors, each defined as a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II, or (b) if resident in the UK, are not retail investors, each defined as a person who is one (or both) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR).

We use the terms "**offshore transaction**," "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S under the U.S. Securities Act.

Important Information about the Offering

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and Guarantors and the Initial Purchasers as follows:

(1) You understand and acknowledge that the Notes and the Notes Guarantees have not been registered under the U.S. Securities Act or the securities laws of any other applicable jurisdiction and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) You are not our "**affiliate**" (as defined in Rule 144 under the U.S. Securities Act), are not acting on our behalf and you are either:

   (a) a QIB, within the meaning of Rule 144A under the U.S. Securities Act, and are aware that any sale of these Notes to you will be made in reliance on Rule 144A under the U.S. Securities Act, and such acquisition will be for your own account or for the account of another QIB; or

   (b) you are purchasing the Notes in an offshore transaction in accordance with Regulation S under the U.S. Securities Act and you are not a retail investor.

(3) You acknowledge that neither we, nor the Guarantor or the Initial Purchasers, nor any person representing any of them, has made any representation to you with respect to the Company and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which

Offering Memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person other than the Issuer make any representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is 40 days (in the case of Regulation S Notes) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only:

(a) to the Issuer, the Guarantors or any subsidiary thereof;

(b) pursuant to a registration statement that has been declared effective under the U.S. Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A under the U.S. Securities Act, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A under the U.S. Securities Act;

(d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S under the U.S. Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations.

You acknowledge that each Issuer, the Trustee and each Agent reserve the right prior to any offer, sale or other transfer of the Notes (i) pursuant to clause (d) or (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to each of them, the Issuer, the Trustee, the relevant Agent, and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

(6) Each purchaser acknowledges that each Global Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**") OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS ACQUIRING THIS SECURITY IN AN "**OFFSHORE TRANSACTION**" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY

[IN THE CASE OF REGULATION S NOTES:, PRIOR TO THE DATE (THE "**RESALE RESTRICTION TERMINATION DATE**") WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)] ONLY (A) TO THE ISSUER, THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(7) You agree that you will, and each subsequent holder is required to, give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes, if then applicable.

(8) You acknowledge that until 40 days after the commencement of the relevant Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with Rule 144A under the U.S. Securities Act.

(9) You acknowledge that, notwithstanding anything to the contrary in the Indenture or the Notes, no holder of a book-entry interest in a global note may transfer or exchange such book-entry interest to a natural person who is a tax resident in the Czech Republic (determined according to applicable tax law) who takes delivery thereof in the form of a book-entry interest in the same global note, another global note or in the form of a definitive registered note.

(10) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth therein have been complied with.

(11) You acknowledge that we, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and you agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate and complete, you shall promptly notify us and the Initial Purchasers in writing. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(12) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantors or the Initial Purchasers that would result in a public offering of Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Issuer, the Guarantor or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of Notes will be subject to the selling restrictions set forth in this section of this Offering Memorandum and/or in the front of this Offering Memorandum under "*Plan of Distribution.*"

CERTAIN TAX CONSIDERATIONS

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisors as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Offering Memorandum and is subject to any change in law that may take effect after such date whether or not such change in law has retroactive effect.

Investors should also note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisors in relation to the tax consequences for them of any such appointment.

Certain Spanish Tax Considerations

The considerations below are of a general nature and are not intended to be an exhaustive description of all Spanish tax considerations relating to the Notes. The following is a general summary only of the Spanish withholding tax treatment of payments under the Notes Guarantees. The considerations are not exhaustive, and do not deal with Spanish tax aspects of acquiring, holding, disposing of or dealing in the Notes. The considerations below only apply to persons who are beneficial owners of the Notes and do not necessarily apply where any payment on the Notes is deemed for tax purposes to be the income of any other person. The considerations below do not purport to constitute legal or tax advice. Any prospective purchasers of any Notes who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than Spain, should consult their own professional advisor.

Payments under the Notes Guarantees

If payments by a Guarantor under the Notes Guarantees are not treated as having a Spanish source, they should not be subject to tax in Spain. If this is not the case, then although no clear precedent, statement of law or regulation exits in relation thereto, in the view of the Guarantors, any payments made by the Spanish Guarantors under the Notes Guarantees should in principle be characterized as an "indemnity payment" and, therefore, should be made free and clear of, and without withholding or deduction on account to Spanish tax.

However, even if the Spanish tax authorities take the view that the relevant Spanish Guarantor has validly, legally and effectively assumed all the obligations of the Issuer of the Notes subject to and in accordance with the Notes Guarantees, and that accordingly they shall be characterized as interest payments for tax purposes, they should determine that payments made by the relevant Spanish Guarantor relating to interest on the Notes will be subject to the following rules (i.e. payable free from withholding tax provided that the relevant information obligations outlined in "*Disclosure of Information in Connection with the Notes*" below are complied with).

Pursuant to the provisions of the Royal Decree 1065/2007 of 27 July establishing the general regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes, as amended from time to time ("**Royal Decree 1065/2007**"), any interest payments made by the Spanish Guarantors to any holder of the Notes which receive payments under the Notes Guarantees, irrespective of whether such holder of the Notes is tax resident in Spain or not, shall not be subject to withholding taxes in Spain. The foregoing is subject to the conditions set forth in Law 10/2014, as defined below, being met (including that the Notes are admitted to listing on the Luxembourg Stock Exchange on the relevant payment dates and Paying Agent providing to the Issuer, or Spanish Guarantors, when applicable,within a timely manner with a certificate containing certain information as further described in "*Disclosure of Information in Connection with the Notes*" below). The Issuer and the Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof.

Under Royal Decree 1065/2007, as amended, in order for interest payments under the Notes Guarantees may be free from Spanish withholding tax, it is required that the Notes: (i) are regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognized under Spanish regulations or under those of another OECD member state. The Issuer expects that the Notes will meet the requirements referred to in (i) and (ii) above, upon the admission of the Notes to listing on the Luxembourg Stock Exchange, and that, consequently, payments made to holders of the Notes under the Notes Guarantees should be paid free of Spanish withholding tax, provided the Paying Agent complies with the procedural requirements referred to above. If despite the procedures arranged between the Issuer and the Paying

Agent to facilitate the collection of information concerning the Notes, the relevant information is not received by the Issuer or the Spanish Guarantors, if relevant, on each payment date, the Spanish Guarantor will withhold tax at the then-applicable rate (as at the date of this Offering Memorandum, 19%) from any payment of interest made in respect of the Notes Guarantees. In that event, the Spanish Guarantors will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required, except as provided in "*Description of the Notes—Withholding Taxes*".

Notwithstanding the above, in the case of Notes held by Spanish tax resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian (19%). Holders of the Notes must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes.

Disclosure of Information in Connection with the Notes

In accordance with section 5 of Article 44 of Royal Decree 1065/2007 as amended by Royal Decree 1145/2011 and provided that the Notes are initially registered for clearance and settlement in Euroclear and Clearstream, the Paying Agent designated by the Issuer would be obliged to the Issuer (or the Guarantors, as the case may be) with a declaration (the form of which is set out in the relevant agency agreement), which should include the following information:

(a) description of the Notes (and date of payment of the interest income derived from such Notes);

(b) total amount of interest derived from the Notes; and

(c) total amount of interest allocated to each non-Spanish clearing and settlement entity involved.

According to section 6 of Article 44 of Royal Decree 1065/2007, the relevant declaration will have to be provided to the Issuer (or the Guarantors, as the case may be) on the business day immediately preceding each Interest Payment Date. If this requirement is complied with, the Issuer (or the Guarantors) will pay gross (without deduction of any withholding tax) all interest under the Notes to all holders of the Notes (irrespective of whether they are tax resident in Spain).

In the event that the Paying Agent designated by the Issuer were to fail to provide the information detailed above, according to section 7 of Article 44 of Royal Decree 1065/2007, the Issuer (or the Guarantors, as the case may be) or the Paying Agent acting on its behalf would be required to withhold tax from the relevant interest payments at the general withholding tax rate (currently, 19%). If on or before the 10th day of the month following the month in which the interest is payable, the Paying Agent designated by the Issuer were to submit such information, the Issuer (or the Guarantors) or the Paying Agent acting on its behalf would refund the total amount of taxes withheld.

Notwithstanding the foregoing, the Issuer has agreed that in the event that withholding tax were required by law, the Issuer, failing which the Guarantors, would pay such additional amounts as may be necessary such that a holder of the Notes would receive the same amount that he would have received in the absence of any such withholding or deduction, except as provided in *"Description of Notes—Withholding taxes."*

In the event that the current applicable procedures were to be modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, the Issuer would inform the holders of the Notes of such information procedures and of their implications, as Issuer (or the Guarantors, as the case may be) may be required to apply withholding tax on interest payments under the Notes if the holders of the Notes were not to comply with such information procedures.

Tax Rules for Notes not Listed on a Regulated Market, Multilateral Trading Facility or Other Organized Market

In addition to the timely provision of the information detailed above, the Notes must be admitted to listing on a regulated market, on a multi-lateral trading facility or on any other organized market in order to allow payments on Notes to be made free and clear of Spanish withholding tax. We believe the Notes will comply with this requirement. However, in the event that the Notes were not listed on a regulated market, multilateral trading facility or other organized market on any date on which income in respect of the Notes will be paid, payments of income to holders of the Notes in respect of the Notes, made by a Spanish Guarantor, may be subject to Spanish withholding on account of the relevant tax at the then-applicable rate (currently 19%).

Holders of the Notes which receive payments under the Notes Guarantees from a Spanish Guarantor which are: (A) residents of a European Union member state other than Spain and obtain such income either directly or through a permanent establishment located in another European Union member state, provided that such Holder of the Notes (i) do not obtain such income on the Notes through a permanent establishment in Spain and (ii) are not resident of, are not located in, nor obtain income through, a non-cooperative jurisdiction (as defined by Law 11/2021, of July 9, on measures for the prevention and fight against tax fraud, considering the current list of non-cooperative jurisdictions implemented by Order 115/2023, of February 9); or (B) residents for tax purposes in a country which has entered into a convention for the avoidance of double taxation with Spain which provides for an exemption from Spanish tax or a reduced withholding tax rate with respect to income payable to any holder of the Notes may be entitled to an exemption from, or reduction of, such tax. Individuals and entities that may benefit from such exemptions or reduced tax rates should apply directly to the Spanish tax authorities for any refund to which they may be entitled pursuant to the *"—Procedures for direct refund from the Spanish tax authorities."*

Procedures for direct refund from the Spanish tax authorities

Holders of the Notes entitled to receive income payments in respect of the Notes free of any Spanish withholding taxes may claim amounts withheld from the Spanish Treasury no earlier than February 1 of the year immediately following the year in which the relevant payment was made.

Holders of the Notes may claim the amount withheld from the Spanish Treasury within the first four years following the last day on which the Issuer may pay any amount so withheld to the Spanish Treasury (which is generally the 20th calendar day of the month immediately following the relevant payment date), by filing with the Spanish tax authorities (i) the relevant Spanish tax form (currently, Form 210), (ii) proof of ownership and (iii) a certificate of residency issued by the tax authorities of the country of tax residence of such holders of the Notes, amongst other documents.

Further details of the direct refund process may be found through the Spanish Tax Administration, at the webpage as of the date of this Offering Memorandum at http://www.agenciatributaria.es/AEAT.internet/en_gb/Inicio.shtml. For further details, prospective holders of the Notes should consult their own tax advisors

Certain United Kingdom Tax Considerations

The comments below are of a general nature and are not intended to be an exhaustive description of all United Kingdom tax considerations relating to the Notes. Some aspects do not apply to certain classes of person (such as dealers in securities and persons connected with the Issuer) to whom special rules may apply. They are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs ("**HMRC**") published practice (which may not be binding on HMRC), both of which may be subject to change, possibly with retrospective effect. The comments below only apply to persons who are beneficial owners of the Notes and do not necessarily apply where any payment on the Notes is deemed for tax purposes to be the income of any other person. The United Kingdom tax treatment of prospective holders of the Notes depends on their individual circumstances. The comments below do not purport to constitute legal or tax advice. Any prospective purchasers of any Notes who are in doubt as to their own tax position, or who may be subject to tax in a jurisdiction other than the United Kingdom, should consult their own professional advisor.

References to "**interest**", "**discount**" and "**premium**" in this section "*Certain United Kingdom Tax Considerations*" mean "**interest**", "**discount**" and "**premium**" as understood in UK tax law. Those statements do not take any account of any different definitions of "**interest**", "**discount**" or "**premium**" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "**recognised stock exchange**" within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**") (the "**quoted Eurobond exemption**"). The Luxembourg Stock Exchange is a recognised stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Luxembourg (in accordance with provisions corresponding to those generally applicable in EEA states) and are admitted to trading on the Luxembourg Stock Exchange or are admitted to trading on a multilateral trading facility operated by a regulated recognised stock exchange within the meaning of section 987 and section 1005 of the Act. The Euro MTF Market is a multilateral trading facility operated by a regulated recognised stock exchange for these purposes.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), unless the Issuer

has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double tax treaty, or any other exemption or relief applies.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest for the purposes of withholding or deduction on account of United Kingdom income tax as described above.

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

Payments under the Notes Guarantees

If payments by a Guarantor under the Notes Guarantees are not treated as having a United Kingdom source they should not be payable under deduction of United Kingdom income tax. If this is not the case then, depending on the correct legal analysis of the payments as a matter of United Kingdom tax law (which is uncertain), it is possible that such payments by a Guarantor (other than payments in respect of principal) would be payable under deduction of United Kingdom income tax at the basic rate (currently 20%), subject to any claim which could be made under applicable double tax treaties or any other available exemptions and reliefs, including an exemption for certain payments to which one of the following is beneficially entitled (i) a company within the charge to United Kingdom corporation tax, (ii) an entity falling within various categories enjoying a special tax status (including charities and pension funds), or (iii) a partnership consisting of such persons (in each case, unless HMRC directs otherwise). Payments by a Guarantor may not be eligible for the quoted Eurobond exemption described above.

Further United Kingdom Income Tax Issues

Interest and premium on the Notes that constitutes United Kingdom source income for tax purposes may, as such, be subject to income tax by direct assessment even where paid without withholding. However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a holder of the Notes (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that holder of the Notes carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that holder of the Notes is a company, unless that holder of the Notes carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such holders of the Notes.

United Kingdom Corporation Tax Payers

In general, holders of the Notes which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other United Kingdom Tax Payers

Taxation of Chargeable Gains

If the Notes constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of ITTOIA 2005 (as to which, see "*—Taxation of Discount*" below), the Notes should also constitute "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992, with the result that on a disposal of the Notes neither chargeable gains nor allowable losses should arise for the purposes of UK taxation of chargeable gains.

If the Notes are not "deeply discounted securities," they will fall outside the definition of "qualifying corporate bond" mentioned above and therefore. A disposal of Notes by an individual holder of the Notes who is resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable may give rise to a chargeable gain or allowable loss for the purposes

of the United Kingdom taxation of chargeable gains. In calculating any gain or loss on a disposal (including redemption) of Notes, sterling values are compared at acquisition and disposal. Accordingly, a taxable gain can arise even where the non-sterling currency amount received on a disposal (including redemption) is the same as, or less than, the non-sterling currency amount paid for the Notes. Special rules may apply to individuals who have ceased to be resident in the United Kingdom and who dispose of their Notes before becoming once again resident in the United Kingdom.

Accrued Income Profits

On a disposal of Notes by a holder of the Notes, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules relating to accrued income profits as set out in Part 12 of the Act if that holder is resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. These provisions will not apply if the Notes are deemed to be "deeply discounted securities" (as to which, see "*—Taxation of Discount"* below). Holders of the Notes are advised to consult their own professional advisers for further information about the accrued income scheme in general.

Taxation of Discount

Notwithstanding the paragraph titled "*Taxation of Chargeable Gains"* above, dependent, among other things, on the discount (if any) at which the Notes are issued the Notes may be deemed to constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute deeply discounted securities, holders of the relevant Notes who are liable to UK income tax in respect of the Notes will be subject to such tax on any gain made on the sale or other disposal (including redemption) of the relevant Notes (notwithstanding that they are not subject to any tax on chargeable gains), however, such holders will not be able to claim relief from UK income tax in respect of costs incurred on the acquisition, transfer or redemption of, or losses incurred on the transfer or redemption of, the Notes. Holders of Notes are advised to consult their own professional advisers if they require any advice or further information relating to "deeply discounted securities".

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No UK stamp duty or SDRT is payable on issue of, or on a transfer of, or agreement to transfer, Notes.

Certain U.S. Federal Income Tax Considerations

The following is a summary of certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes by U.S. Holders (as defined below). The summary is based on the tax laws of the United States, including the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed Treasury regulations promulgated thereunder, and published rulings and court decisions, all as of the date hereof and all subject to change at any time, possibly with retroactive effect. This summary deals only with holders that purchase Notes pursuant to this offering at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold for money to persons other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and that will hold the Notes as "capital assets" within the meaning of Section 1221 of the Code (generally, property held for investment). The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors, and does not address state, local, non-U.S. or other tax laws. This summary also does not discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as U.S. expatriates and former citizens or long-term residents of the United States, financial institutions, insurance companies, regulated investment companies, investors liable for the alternative minimum tax, investors subject to the Medicare tax on net investment income, individual retirement accounts and other tax-deferred accounts, tax-exempt organizations, dealers or traders in securities or currencies, corporations that accumulate earnings to avoid U.S. federal income tax, S corporations, partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein), investors that will hold the Notes as part of straddles, hedging transactions, conversion transactions or other integrated transactions for U.S. federal income tax purposes, accrual method taxpayers who are required to recognize income for U.S. federal income tax purposes no later than when such income is taken into account in applicable financial statements or U.S. Holders whose functional currency is not the U.S. dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized under

the laws of the United States or any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity or arrangement treated as a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. A partnership considering an investment in Notes, and partners in such a partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of Notes.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES FORTH BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Potential Contingent Payment Debt Instrument Treatment

In certain circumstances, the Issuer may be required to make payments on a Note that could change the yield of the Note. See "*Description of the Notes— Withholding Taxes,*" "*Description of the Notes—Optional Redemption*" and "*Description of the Notes—Change of Control.*" This obligation may implicate the provisions of Treasury regulations relating to contingent payment debt instruments ("**CPDIs**"). According to the applicable Treasury regulations, certain contingencies will not cause a debt instrument to be treated as a CPDI if such contingencies, as of the date of issuance, are "remote or incidental" or certain other circumstances apply. The Issuer intends to take the position that the Notes are not CPDIs. The Issuer's position is binding on a U.S. Holder, unless such U.S. Holder discloses its contrary position in the manner required by applicable Treasury regulations. This determination, however, is not binding on the IRS and if the IRS were to challenge this determination, a U.S. Holder may be required to accrue income on the Notes that such U.S. Holder owns in excess of stated interest, regardless of the U.S. Holder's method of accounting, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of all contingencies. If the Notes are not CPDIs but such contingent payments were required to be made, it would affect the amount and timing of the income that a U.S. Holder recognizes. U.S. Holders are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof. The remainder of this discussion assumes that the Notes will not be treated as CPDIs.

IPO Pushdown

In certain circumstances, the Issuer may undertake an IPO Pushdown (as described in "*Description of the Notes—IPO Pushdown*"), pursuant to which the Issuer is entitled to give notice that the terms of the Indenture and the Intercreditor Agreement will automatically operate so that, among other things, the references to the Company and the Restricted Subsidiaries shall apply only to the IPO Pushdown Entity and its Restricted Subsidiaries. In such event, each holding company of the IPO Pushdown Entity would be released from its obligations under the Indenture.

Such modifications to the terms of the Notes could be treated for U.S. federal income tax purposes as a deemed exchange of (i) the Notes as in place prior to such modifications for (ii) new notes as in place after such modifications (the "**New Notes**"). If such modifications result in a deemed exchange for U.S. federal income tax purposes, it would generally be treated as a taxable transaction for U.S. federal income tax purposes in which U.S. Holders of the Notes would be required to recognize any gain or loss in connection with such deemed exchange and would have a new holding period and new tax basis in the New Notes for U.S. federal income tax purposes. Furthermore, for U.S. federal income tax purposes, the New Notes deemed issued in such a deemed exchange could be treated as issued with OID if the fair market value of the New Notes at the time of the IPO Pushdown is less than the principal amount of the Notes by an amount equal to or more than a statutorily defined de minimis amount. In such event, U.S. Holders would generally be required to include the OID in their income (as ordinary income) as it accrues, in advance of the receipt of cash corresponding to such income. In addition, the determination of whether the New Notes are treated as CPDIs as a result of the possibility of additional payments would be made at the time of the modification. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to potential modifications of the Notes in connection with the IPO Pushdown, including the U.S. federal income tax considerations of a deemed exchange and resulting OID, if any.

Payments of Stated Interest

Payments of stated interest (which shall include, for purposes of this discussion, any taxes withheld from such payments and any payments of additional amounts) on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

The amount of income recognized by a cash basis U.S. Holder with respect to an interest payment on the Euro Notes will be the U.S. dollar value of the interest payment, based on the spot rate of exchange in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash method U.S. Holder will not recognize foreign currency gain or loss with respect to the receipt of such interest,but may recognize exchange gain or loss attributable to the actual disposition of the euro so received.

An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment on the Euro Notes in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average spot rate of exchange in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate of exchange in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate of exchange in effect on the last day of the part of the period within the taxable year). Additionally, if a payment of interest on the Euro Notes is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the spot rate of exchange in effect on the day of receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon an accrual basis U.S. Holder's receipt of an interest payment on the Euro Notes (including a payment attributable to accrued but unpaid interest upon the sale, retirement or other taxable disposition of a Euro Note), the U.S. Holder may recognize U.S. source foreign currency exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate of exchange in effect on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. Any such foreign currency exchange gain or loss will constitute ordinary income or loss and be treated, for foreign tax credit purposes, as U.S. source income or loss, and generally not as an adjustment to interest income or expense.

Foreign Tax Credit

Interest accrued on the Notes generally will be treated as foreign source income for U.S. federal income tax purposes and generally will be considered passive category income for U.S. foreign tax credit purposes. Subject to generally applicable restrictions and conditions, including a minimum holding period requirement, a U.S. Holder generally may be entitled to a foreign tax credit in respect of any foreign income taxes withheld on interest payments on the Notes. Alternatively, the U.S. Holder may be able to deduct such foreign income taxes in computing taxable income for U.S. federal income tax purposes, provided that the foreign tax is not a creditable tax or the U.S. Holder does not elect to claim a foreign tax credit with respect to any foreign income taxes paid or accrued during the taxable year. U.S. Treasury regulations impose additional requirements that must be met for a foreign tax to be creditable (including requirements that a "covered withholding tax" be imposed on nonresidents in lieu of a generally applicable tax that satisfies the regulatory definition of a "net income tax", which may be unclear or difficult to determine). However, a recent IRS notice provides temporary relief from certain of these requirements if the notice is applied consistently to all foreign taxes paid during the relevant taxable year until the date that a notice or other guidance withdrawing or modifying the temporary relief is issued (or any later date specified in such notice or other guidance). The rules governing the foreign tax credit are complex. U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit or a deduction for foreign taxes paid under their particular circumstances.

Sale and Retirement of the Notes

A U.S. Holder will generally recognize gain or loss on the sale or retirement (including, for this purpose, any other taxable disposition) of a Note equal to the difference between the amount realized on the sale or retirement and the adjusted tax basis of the Note. A U.S. Holder's adjusted tax basis in a Note will generally be its U.S. dollar cost, and decreased by any payments on such Note other than payments of stated interest. The U.S. dollar cost of

a Euro Note purchased with euros will generally be the U.S. dollar value of the purchase price translated at the spot rate of exchange in effect on the date of purchase, or the settlement date for the purchase in the case of Euro Notes traded on an established securities market, within the meaning of the applicable Treasury regulations, that are purchased by a cash basis U.S. Holder or an accrual basis U.S. Holder that so elects. The amount realized on a sale or retirement for an amount in euros will be the U.S. dollar value of this amount translated at the spot rate of exchange in effect on the date of sale or retirement, or the settlement date for the sale, in the case of Euro Notes traded on an established securities market, within the meaning of the applicable Treasury regulations, sold by a cash basis U.S. Holder or an accrual basis U.S. Holder that so elects. The special election available to accrual basis U.S. Holders in regard to Euro Notes traded on an established securities market must be applied consistently to all debt instruments held by the U.S. Holder and cannot be changed without the consent of the IRS. An accrual basis U.S. Holder that does not make the special election will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) to the extent that there are exchange rate fluctuations between the sale date and the settlement date.

The amount realized does not include the amount attributable to accrued but unpaid interest which will be treated as discussed above under "*—Payments of Stated Interest*."

A U.S. Holder of a Euro Note will generally recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Euro Note equal to the difference, if any, between the U.S. dollar value of the U.S. Holder's purchase price for the Euro Note (translated at the spot rate of exchange in effect) (i) on the date of sale or retirement and (ii) on the date of acquisition. Any such exchange gain or loss (as well as any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale or retirement.

Subject to the discussion above about exchange gain or loss, gain or loss recognized by a U.S. Holder on the sale or retirement of a Note will be U.S. source capital gain or loss and will be long-term capital gain or loss if the Note was held by the U.S. Holder for more than one year. Long-term capital gain of non-corporate U.S. Holders is subject to preferential rates. The deductibility of capital losses is subject to limitations.

Disposition of Euros

Euros received as interest or OID on a Euro Note or on the sale or retirement of a Euro Note will have an adjusted tax basis equal to their U.S. dollar value at the time the euros are received. Euros that are purchased will generally have an adjusted tax basis equal to their U.S. dollar value on the date of purchase. Any gain or loss recognized on a sale or other disposition of euros (including their use to purchase Euro Notes or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Additional Notes

The Issuer may issue Additional Notes (as defined in *"Description of the Notes*") under the Indenture. Any Additional Notes sold pursuant to Regulation S from time to time may be issued with the same ISIN, Common Code, CUSIP or other securities identification number as the applicable series of notes previously issued under the Indenture without being fungible with such series of notes for U.S. federal income tax purposes. U.S. Holders that are considering the purchase of Notes sold pursuant to Regulation S as part of this offering of Notes or in the secondary market should consult their tax advisors concerning the particular U.S. federal income tax consequences of the purchase, ownership and disposition of such Notes, including with respect to the potential issuance of additional Notes that are not fungible with the applicable series of initial notes issued under the Indenture for U.S. federal income tax purposes, but which nevertheless are not capable of being separately identified.

Backup Withholding and Information Reporting

Payments of principal and interest (including accrued OID, if any) on, and the proceeds of a sale or other disposition of, Notes may be reported to the IRS and to U.S. Holders as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to certify and provide an accurate taxpayer identification number or certification of exempt status. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. Backup withholding is not an additional tax. A U.S. Holder generally may be entitled to credit any amounts withheld under the backup withholding rules against its U.S. federal income tax liability or to obtain a refund of the amounts withheld provided the required information is furnished to the IRS in a timely manner.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. Under the relevant rules, a U.S. Holder may be required to treat a foreign currency exchange loss from the Euro Notes as a reportable transaction if this loss exceeds the relevant threshold in the Treasury regulations (U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders), and to disclose its investment by filing Form 8886 with the IRS. U.S. Holders who fail to report required information could become subject to substantial penalties. Prospective purchasers are urged to consult their tax advisors regarding the application of these rules, including the significant penalties for non-compliance.

Foreign Financial Asset Reporting

Certain U.S. Holders are required to report information to the IRS by filing a Form 8938 with respect to their ownership of "specified foreign financial assets," which may include the Notes, in excess of certain applicable thresholds at any time during the taxable year. U.S. Holders who fail to report required information could become subject to substantial penalties. Prospective purchasers are encouraged to consult their own tax advisors regarding the possible implications of these rules on their investment in Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement dated as of July 10, 2024 (the "**Purchase Agreement**") by and among, *inter alios* the Issuer, the Initial Guarantors and the Initial Purchasers, the Issuer has agreed to sell, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer, together with all other Initial Purchasers, Notes in an aggregate principal amount of €1,300 million and $900 million.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price indicated on the cover page hereof. After the initial offering, the Initial Purchasers may change the offering price and any other selling terms of the Notes at any time without notice. The Initial Purchasers and their respective affiliates reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. The Initial Purchasers may offer and sell Notes through certain of their affiliates. Sales in the United States will be made through affiliates of the Initial Purchasers, which are registered with the U.S. Securities and Exchange Commission as U.S. registered broker dealers. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf the Issuer in such jurisdiction.

In the Purchase Agreement, the Issuer and the Guarantors have agreed that: (i) subject to certain exceptions, neither the Company, the Issuer nor any of their respective subsidiaries will offer, sell, contract to sell or otherwise dispose of any debt securities that have a tenor of more than one year or any securities convertible into or exchangeable or exercisable for any of their debt securities, without the prior written consent of the Initial Purchasers, for an agreed period; and (ii) the Issuer and the Guarantors will indemnify the Initial Purchasers and their respective affiliates against certain liabilities, including liabilities under the U.S. Securities Act, or contribute to payments that the Initial Purchasers may be required to make in respect of those liabilities. The Issuer has also agreed to pay the Initial Purchasers certain customary fees for their services in connection with the offering of the Notes and to reimburse them for certain out-of-pocket expenses.

Each purchaser of Notes offered by this Offering Memorandum, in making its purchase, will be deemed to have made the acknowledgements, representations and agreements as described under "*Transfer Restrictions*."

The Purchase Agreement will not restrict the ability of the Company or any of its affiliates to buy or sell Notes in the future and, as a result, the Company or any of its affiliates may buy or sell the Notes in open market transactions at any time following the consummation of the offering of the Notes.

Selling Restrictions

The Notes may not be offered to the public within any jurisdiction. By accepting delivery of this Offering Memorandum, you agree not to offer, sell, resell, transfer or deliver, directly or indirectly, any Note to the public.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any other offering material or advertizements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this Offering Memorandum and resale of the Notes. See "*Transfer Restrictions*."

European Economic Area

Prohibition of Offers to EEA and United Kingdom Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified

investor as defined in Regulation (EU) 2017/1129 (as amended, the "**Prospectus Regulation**"). No key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the United Kingdom has been prepared. Offering or selling the notes or otherwise making them available to any retail investor in the EEA or in the United Kingdom may be unlawful under the PRIIPs Regulation. This Offering Memorandum has been prepared on the basis that any offer of the Notes in any member state of the EEA or the UK will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Securities. This Offering Memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Professional Investors and ECPS Only Target Market

Solely for the purposes of the product approval process of any Initial Purchaser that is a manufacturer, the target market assessment in respect of the Notes described in this Offering Memorandum has led to the conclusion that: (i) the target market for such Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of such Notes to eligible counterparties and professional clients are appropriate. The target market and distribution channels may vary in relation to sales outside the EEA or the United Kingdom in light of local regulatory regimes in force in the relevant jurisdiction. Any person subsequently offering, selling or recommending such Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of such Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

United Kingdom

In the Purchase Agreement, each Initial Purchaser represents warrants and agrees that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes and the Notes Guarantees have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to qualified institutional buyers in reliance on Rule 144A and to certain persons in offshore transactions in reliance on Regulation S. Until 40 days after the later of (i) the commencement of this offering and (ii) the issue date of the Notes, an offer or sale within the United States of Notes initially sold in reliance on Regulation S by a dealer (whether or not participating in the offering) may violate the registration requirements for the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer Restrictions*."

The Initial Purchasers have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities, and there is currently is no established trading market. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Transfer Restrictions*." The Issuer has applied for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on its Euro MTF Market, however, we cannot assure you that such listing will be maintained. See "*Risk Factors—Risks Relating to the Notes, the Notes Guarantees and the Collateral—The Notes may not remain, listed on the Official List of the Luxembourg Stock Exchange*."

The Initial Purchasers have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The Initial Purchasers may discontinue any market making in the Notes at any time in their sole discretion. In addition, such market making activities will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that a liquid trading market will develop for the Notes, that you will be able to sell your Notes at a particular time or that the prices that you receive when you sell will be favorable.

You should be aware that the laws and practices of certain countries require investors to pay stamp taxes and other charges in connection with purchases of securities.

Stabilization

In connection with the offering of the Notes, the Stabilizing Managers, or persons acting on their behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Managers, or persons acting on their behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Managers, or persons acting on their behalf, may also over allot the offering of the Notes, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Managers, or persons acting on their behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Managers are not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. Please see "*Risk Factors—Risks Related to the Notes, the Notes Guarantees and the Collateral—We cannot assure you that an active trading market will develop for the Notes, in which case your ability to sell the Notes will be limited*."

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant Initial Purchaser. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

Other Relationships

The Initial Purchasers and/or their respective affiliates are full-service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Initial Purchasers and their respective affiliates have, from time to time, performed and may currently and/or in the future perform, various investment and corporate banking, financial advisory, commercial lending and banking, hedging, consulting and other commercial services for us and our affiliates in the ordinary course of business, for which they have received or will receive customary fees, commissions and reimbursement of expenses (including acting as initial purchasers and/or lenders in connection with previous issuances of debt securities and debt facilities of the Issuer and its affiliates). In connection with our strategy to review and evaluate selective acquisitions and other business combinations or strategic transactions, we and our shareholders regularly engage mergers and acquisition advisors and other financial advisors to assist us. Certain of the Initial Purchasers and their affiliates may be currently advising us or other interested parties, and the Initial Purchasers and their affiliates may advise us or other interested parties from time to time on other transactions in the future. In addition, certain of the Initial Purchasers or their affiliates are party to certain of our hedging arrangements and other financing and/or debt arrangements and may hold other proprietary positions in us, our current or future subsidiaries and affiliates and/or financial intermediaries and the financial instruments issued by any of them.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and U.S. securities activities may involve our or our affiliates' securities and/or instruments (directly, as collateral securing other obligations or otherwise). The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and at any time may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Depending on market conditions, the Initial Purchasers may decide to initially purchase and hold a portion of the Notes for their own account.

The Initial Purchasers or their respective affiliates have received, and expect to receive, customary fees and commissions in connection with the Transactions. In particular, certain of the Initial Purchasers and/or their

respective affiliates are lenders under the Bridge Facility, the Term Facility and the Revolving Credit Facility and will be lenders under the New Senior Facilities and have received or will receive customary fees for their services in such respective capacities. In addition, ING Bank N.V., London Branch and/or their respective affiliates act or will act as the facility agent on the Senior Facilities Agreement and the New Senior Facilities Agreement and also act or will act as security agent under the Senior Facilities Agreement, the New Senior Facilities Agreement and the Indenture and have received or will receive customary fees for their services in such respective capacities. Further, the gross proceeds from the Offering will be used by the Issuer to repay the Bridge Facility granted by certain of the Initial Purchasers or their respective affiliates and pay related fees and expenses.

If any of the Initial Purchasers or their affiliates has a lending relationship with us or our affiliates, certain of those Initial Purchasers or their affiliates may routinely hedge, certain of those Initial Purchasers or their affiliates are likely to hedge, and certain of those Initial Purchasers or their affiliates may hedge, their credit exposure to our or our affiliates in a manner consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our or our affiliates' securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby.

Settlement

We expect that delivery of the Notes will be made against payment on the Notes on the date specified on the cover page of this Offering Memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "**T+5**"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the following three business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

CERTAIN INSOLVENCY LAW CONSIDERATIONS AND LIMITATIONS ON NOTES GUARANTEES AND SECURITY

The following is a summary of certain limitations on the validity and enforceability of the Notes Guarantees and the Collateral in the jurisdiction in which the Issuer and the Guarantors are organized (i.e. Spain and England and Wales) as well as a general discussion of insolvency proceedings governed by Spanish law for informational purposes only.

This summary does not address all the Spanish and English legal considerations that may be relevant to holders and it does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes Guarantees and the Collateral. Proceedings of bankruptcy, insolvency or a similar event could be initiated in any of the jurisdictions of organization of a future guarantor of the Notes.

Prospective investors should consult their own legal advisors with respect to such limitations and considerations.

Insolvency Law Considerations

European Union

Certain of the Guarantors are organized under the laws of Spain and, therefore, under the laws of member states of the European Union (each a "**Member State**" and together the "**Member States**").

Determination of a debtor's COMI: main insolvency proceedings and secondary insolvency proceedings

Pursuant to Regulation (EU) 2015/848 of May 20, 2015 on insolvency proceedings recast (the "**EU Insolvency Regulation**"), which applies within the European Union (other than Denmark), the courts of the Member State in which a debtor's "center of main interests" (as this term is used in Article 3(1) of the EU Insolvency Regulation, which is further discussed below) is situated (the "**COMI**") have jurisdiction to commence main insolvency proceedings (*procedimiento de insolvencia principal*) relating to such debtor.

The EU Insolvency Regulation applies to insolvency proceedings that are collective insolvency proceedings of the types referred to in Annex A to the EU Insolvency Regulation that, as regards Spain, includes, among others, the insolvency proceedings (*concurso*), court-approved refinancing agreements (*acuerdos de refinanciación homologados*) (now court-approved reestructuring plans (*planes de reestructuración homologados*)), out-of-court payment proceedings (*acuerdos extrajudiciales de pago*) and anticipated arrangement proposals (*propuestas anticipadas de convenio*). As a result of the changes in Spanish insolvency law subsequent to the EU Insolvency Regulation, out-of-court payment proceedings and anticipated arrangement proposal are no longer available tools under Spanish insolvency law and the current drafting of the EU Insolvency Regulation is not updated with the latest changes to the Spanish insolvency law and does not include references to "*planes de reestructuración.*"

The determination of where a debtor has its COMI is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

In accordance with Article 3(1) of the EU Insolvency Regulation, the COMI of a company is presumed to be in the Member State in which it has its registered office in the absence of proof to the contrary. This presumption only applies if such company's registered office has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings.

However, it is possible to rebut this presumption "*where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual centre of management and supervision and of the management of its interests is located in that other Member State*" (preamble 30 of the EU Insolvency Regulation).

Prior to June 26, 2017, when the EU Insolvency Regulation came into effect, the courts have taken into consideration a number of factors in determining a company's COMI, including in particular where board meetings are held, the location where such company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established.

A debtor's COMI is not a static concept and it may change from time to time, but it is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition unless (as set forth above) the registered office has been moved within the 3-month period prior to the filing of the insolvency petition.

The EU Insolvency Regulation distinguishes between:

(i) main insolvency proceedings (*procedimiento de insolvencia principal*), which have universal scope and are aimed at encompassing all the debtor's assets, and

(ii) secondary insolvency proceedings (*procedimientos de insolvencia secundarios*), which run in parallel with the main insolvency proceedings and are limited to the assets located in a different Member State to that in which the debtor has its COMI.

Main insolvency proceedings in respect of a debtor may be commenced in the jurisdiction of the Member State (other than Denmark) where such debtor has its COMI and, therefore, a court in such jurisdiction would be entitled to commence any of the types of insolvency proceedings referred to in Annex A of the EU Insolvency Regulation, including those mentioned above. Those main insolvency proceedings commenced in one Member State under the EU Insolvency Regulation are to be recognized in the other EU Member States (other than Denmark).

Secondary (or 'territorial') insolvency proceedings may be commenced in another Member State against the same debtor, but only if such debtor has an "**establishment**" in the territory of such other Member State. An "**establishment**" is defined in Article 2(10) of the New EU Insolvency Regulation to mean a place of operations where the debtor carries out or has carried out in the 3-month period prior to the request to open main insolvency proceedings non-transitory economic activity with human means and assets.

Depending on whether the main insolvency proceedings commence prior to or after the commencement of secondary insolvency proceedings, the following scenarios should be noted:

(i) where main insolvency proceedings have been opened in the Member State in which a debtor has its COMI, any insolvency proceedings opened subsequently in another Member State shall be secondary insolvency proceedings; and

(ii) where main insolvency proceedings in the Member State in which a debtor has its COMI have not yet been commenced, territorial insolvency proceedings may only be opened in such other Member State where such debtor has an establishment in the event that either (a) main insolvency proceedings cannot be opened because of the conditions laid down by the law of the Member State within the territory of which the debtor's COMI is situated; or (b) the opening of territorial insolvency proceedings is requested by (x) a creditor whose claim arises from or is in connection with the operation of an establishment situated within the territory of the Member State where the opening of territorial proceedings is requested; or (y) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings.

    When main insolvency proceedings are opened, any territorial insolvency proceedings which were commenced prior to that date shall become secondary insolvency proceedings.

Accordingly, the courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main insolvency proceedings, which will be given the same effect in the other Member States so long as no secondary insolvency proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State which has jurisdiction to open main insolvency proceedings (because the relevant debtor's COMI is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of such debtor from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the relevant debtor has assets.

In order to avoid the opening of secondary insolvency proceedings, the insolvency practitioner in the main insolvency proceedings may also give a unilateral undertaking in respect of the assets located in the Member State in which secondary proceedings could be opened that, when distributing assets or realization proceeds, it will comply with the distribution and priority rights under national law that creditors would have if secondary proceedings were opened in that EU member state. This, however, is subject to a "**qualified majority**" (as defined under national law) of known local creditors (being creditors whose claims against a debtor arose from or in connection with the operation of an establishment situated in an EU member state other than the EU member state in which the debtor's COMI is located) approving the undertaking. The law applicable to the distribution of proceeds and ranking of claims is also the law of the state where secondary insolvency proceedings are opened.

Irrespective of whether the insolvency proceedings are main or secondary insolvency proceedings, such proceedings will, subject to certain exceptions, be governed by the *lex fori concursus* (i.e. the local insolvency law of the court that has assumed jurisdiction over the insolvency proceedings of the debtor).

Following the entry into force of the EU Insolvency Regulation, there is an increased scrutiny in situations where there has been a recent COMI shift. Where a debtor's COMI has shifted in the preceding 3 months, the rebuttable presumption that its COMI is at the place of its registered office will no longer apply. Moreover, the opening of secondary insolvency proceedings in another EU Member State (which will no longer be limited only to "**winding-up proceedings**") will be possible not only if the relevant debtor has an establishment in such EU Member State at the time of the opening of main insolvency proceedings, but also if such debtor had an establishment in such EU Member State in the 3-month period prior to the request of opening of main insolvency proceedings.

Please note that jurisdictions outside the European Union may not require a COMI shift in order for a Spanish company to make a filing in those jurisdictions (similar to the UK with respect to schemes of arrangements). Yet, recognition of foreign insolvency proceedings not based on COMI or a reasonable connection of an equivalent nature in Spain should not be possible and, in addition, any creditor could file for a non-main insolvency proceeding in Spain.

Insolvency proceedings of members of a group of companies

As the Issuer and the Guarantors are members of a group of companies, it is noteworthy that Chapter V of the EU Insolvency Regulation (Articles 56 *et seq.*) has introduced a process by which a group of companies experiencing difficulties (*procedimientos de insolvencia de miembros de un grupo de sociedades*) may commence group coordination proceedings featuring the appointment of a single insolvency practitioner in order to facilitate the effective administration of the insolvency proceedings of that group's members. Under Article 61 of the EU Insolvency Regulation, group coordination proceedings may be requested before any court having jurisdiction over the insolvency proceedings of a member of the group, by an insolvency practitioner appointed in the insolvency proceedings opened in relation to a member of the group. In any event, participation in group proceedings and adherence to the coordinating insolvency practitioner's recommendations of a Reorganization Plan (defined below) is voluntary.

Third parties' rights in rem

The EU Insolvency Regulation also provides for some important rules regarding the rights of secured creditors, in particular under Article 8, according to which the opening of insolvency proceedings shall not affect the rights *in rem* of creditors or third parties in respect of tangible or intangible, moveable or immoveable assets, both specific assets and collections of indefinite assets as a whole which change from time to time, belonging to the debtor which are situated within the territory of another Member State at the time of the opening of proceedings.

In particular, these rights *in rem* shall mean:

(a) the right to dispose of assets or have them disposed of and to obtain satisfaction from the proceeds of or income from those assets, in particular by virtue of a lien or a mortgage;

(b) the exclusive right to have a claim met, in particular a right guaranteed by a lien in respect of the claim or by assignment of the claim by way of a guarantee;

(c) the right to demand assets from, and/or to require restitution by, anyone having possession or use of them contrary to the wishes of the party so entitled; and

(d) a right *in rem* to the beneficial use of assets.

The right, recorded in a public register and enforceable against third parties, based on which a right *in rem* within the meaning of Article 8 (1) may be obtained, shall be considered to be a right *in rem*.

These provisions under Article 8(1) shall not preclude actions for voidness, voidability or unenforceability as referred to in point (m) of Article 7(2) of the EU Insolvency Regulation.

Spain

The Guarantors (except for the Company) are incorporated under the laws of Spain. As a general rule and in accordance with the rules on determination of the COMI summarized in the section above, in the event of an insolvency of the Guarantors (except for the Company), insolvency proceedings shall be initiated in Spain and governed by Spanish law.

The Legislative Royal Decree 1/2020, of 5 May, approving the (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*), which repealed the Act 22/2003 of 9 July, on Insolvency (*Ley 22/2003, de 9 de julio, Concursal*), as amended (in particular and without limitation by *Ley*

16/2022, de 5 de septiembre, de reforma del texto refundido de la Ley Concursal, aprobado por el Real Decreto Legislativo 1/2020, de 5 de mayo, para la transposición de la Directiva (UE) 2019/1023 del Parlamento Europeo y del Consejo, de 20 de junio de 2019, sobre marcos de reestructuración preventiva, exoneración de deudas e inhabilitaciones, y sobre medidas para aumentar la eficiencia de los procedimientos de reestructuración, insolvencia y exoneración de deudas, y por la que se modifica la Directiva (UE) 2017/1132 del Parlamento Europeo y del Consejo, sobre determinados aspectos del Derecho de sociedades) (the "**Spanish Insolvency Act**") regulates pre-insolvency and court insolvency proceedings, as opposed to out-of-court liquidation, which is only available when the debtor has sufficient assets to meet its liabilities.

The insolvency proceedings, which are called "*concurso de acreedores*," are generally applicable to all persons and legal entities, except for public entities. These proceedings may lead either to the restructuring of the business or to the liquidation of the assets of the debtor.

The insolvency laws of Spain may differ from the laws of the United States, the United Kingdom or other jurisdictions to which you may be familiar. The following is a brief description of certain aspects of the insolvency laws of Spain.

Prospective investors should note that that Spanish Insolvency Act originally regulated by Law 22/2003 suffered various reforms and amendments since first published in 2003. The Spanish Government approved in 2020 the latest recasting, in force as from 1 September 2020, in order not only to incorporate all these amendments but also to clarify and harmonize certain questions raised by the courts and the doctrine since its first application by Spanish courts, however, it should be noted that certain matters are still be subject to different views and different interpretations by the relevant insolvency courts from time to time.

The latest amendment of the Spanish Insolvency Act for the transposition of Directive (EU) 2019/1023 on restructuring and insolvency introduced important amendments on the pre-insolvency regime and also some additional amendments to the insolvency regime. These amendments to the Spanish Insolvency Act came into force, subject to certain exceptions, on September 26, 2022 excluding micro-enterprises special proceeding which came into force as from January 1, 2023.

Pre-insolvency regime in Spain

The general debtor's (in the case of a company, its directors) duty to file for insolvency proceedings within two months after it becomes aware, or should have become aware, of its state of current insolvency (*insolvencia actual*) (as further described below) is temporarily waived if the debtor notifies the competent court that it has initiated (or its intention to immediately initiate) negotiations with its creditors to reach a restructuring plan, as set out in Articles 585 *et seq*. of the Spanish Insolvency Act (the "**Opening of Negotiations Communication**").

By filing the Opening of Negotiations Communication with the competent court, in addition to the two months for the compulsory filing for an insolvency petition, the debtor gains an additional grace period of three months (or up to six months, if extended) as from the date when the debtor files such notice, to reach a restructuring plan (a "**Restructuring Plan**") with its creditors and one additional month to file for bankruptcy if, after the above mentioned period of three months (or of six months if extended) has elapsed, no agreement has been reached with the debtor's creditors and the situation of current insolvency (*insolvencia actual*) persists.

Once the Opening of Negotiations Communication is filed, creditors cannot initiate judicial or extrajudicial enforcements on assets or rights necessary for the continuity of the debtor's business or professional activity (Article 600 of the Spanish Insolvency Act) during the following three months (or 6 months if an extension is granted). In addition, all ongoing enforcement actions that affect those assets will be suspended. In the case of in rem security interests over assets or rights necessary for the continuity of the debtor's business or professional activity, enforcement could be initiated but will be immediately suspended.

Notwithstanding the above, upon the debtor's request, the competent court before whom the Opening of Negotiations Communication has been filed, may eventually extend the prohibition to initiate or continue enforcement proceedings over all or some of the assets of the debtor (including assets that are not necessary for the continuation of its business or professional activity), against any, some or all of the debtor's creditors when it finds that such decision is necessary to ensure the success of the restructuring negotiations. Such decision may not only cover the first three months following the filing of the Opening of Negotiations Communication, but also its eventual extension.

The court may lift the grace period extension at the request of (i) the debtor, (ii) the restructuring expert, (iii) creditors holding more than 40% of the debt that the Restructuring Plan may affect at that time (net of any credits that would qualify as subordinated claims in an insolvency situation), or (iv) any creditor that proves that such extension no longer fulfils the objective of supporting the Restructuring Plan negotiations.

Any creditor may also ask to be excluded from the effects of the grace period extension if it could be unfairly prejudiced by it, and particularly if it could lead to its current insolvency or a significant loss of the value of its collateral.

This prohibition does not affect enforcement of financial collateral as defined by RDL 5/2005, enforcement of claims that will not be affected by the Restructuring Plan, nor assets that the competent court confirms should not be considered as "**necessary**" for the debtor's activity.

The three-month Pre-Insolvency Period may be extended if, no later than the end of the initial three-month grace period, either the debtor or creditors holding more than 50% of the debt that may be affected by the Restructuring Plan at that time (net of any credits that would qualify as subordinated claims in an insolvency situation), apply to the court for an extension of up to three months (provided that the restructuring expert, if appointed, issues a favorable report in support of the application). The court may revoke the extension of the grace period at the request of (i) the debtor, (ii) the restructuring expert, (iii) creditors holding more than 40% of the debt that may be affected by the Restructuring Plan at that time (net of any credits that would qualify as subordinated claims in an insolvency situation), or (iv) any creditor that demonstrates that such extension no longer serves the purpose of supporting the Plan negotiations. Any creditor may also request that it be excluded from the effects of the extension of the grace period if could be unfairly prejudiced thereby, in particularly if it could lead to its current insolvency or a suffer a material loss in the value of its collateral.

Filing of a pre-insolvency communication also entails that any application for compulsory insolvency proceedings (*concurso necesario*) will not be processed until four months have elapsed (i.e., three months for filing the Opening of Negotiations Communication and one month to file for insolvency) (or six months to seven months for filing the Opening of Negotiations Communication and one to file for insolvency, if an extension is granted) elapses.

Further, whilst the effects of the pre-insolvency filing are in place, there is no obligation for the debtor to agree its corporate winding-up (*disolución*) if the debtor is in a situation of patrimonial imbalance. A Spanish debtor is in a situation of patrimonial imbalance when losses bring its net worth (patrimonio neto) below 50% of its share capital.

Restructuring Plans

After the last reform of the Spanish Insolvency Act, all the refinancing instruments foreseen by the insolvency law for the pre-insolvency stage have been consolidated into one: Restructuring Plans. These Restructuring Plans allow restructuring measures to be adopted when the company is in a situation of likelihood of insolvency (probabilidad de insolvencia), i.e., when the debtor foresees that it will not be able to meet its obligations within the next two years. Restructuring Plans will also be possible when the debtor is in a situation of imminent insolvency (insolvencia inminente) (i.e., when the debtor foresees it will not meet its payment obligations within the next three months), and actual insolvency (*insolvencia actual*) (in the latter case, subject to certain limitations if a petition for necessary insolvency has been filed by the debtor's creditors).

Restructuring Plans allow for the adoption of a wide range of measures affecting not only the debt, including debt write-offs, postponements, debt capitalizations, restructuring of the collateral structure, termination of agreements and different measures for debt payment (such as the conversion of debt into any other financial instrument), but also other restructuring measures over the debtor's assets, and liabilities or its equity, including mergers, demergers and other corporate transactions, potential changes in the debtor, addition or release of debtors or other obligors, divestments of assets or businesses with the prior release of guarantees and security interests, provided it is sufficient and proportionate to ensure the viability of the business and its continuation as a going concern.

The Restructuring Plans must include a minimum content set out in Article 633 of the Spanish Insolvency Act and will need to be formalized in a public document (*formalizado en instrumento público*), attaching a certificate issued by either the restructuring expert (if one is appointed) or, otherwise by the debtor's auditor, evidencing that the relevant majorities required for approval have been met (these majorities are calculated individually with respect to each debtor company, even if it belongs to a group of companies).

Any Restructuring Plans proposal must be notified to all affected creditors individually (by mail or electronically) or, if that is not possible when their identity or address are unknown, through the debtor's website or, as a last resort (if requested) by the restructuring expert when appointed, or by the applicants of the court approval (*homologación judicial*), by being published in the Spanish Public Insolvency Registry (*Registro Público Concursal*). As to syndicated claims, the Restructuring Plans proposal must be notified according to the provisions of the syndicated agreement.

Creditors affected by a Restructuring Plan approve the Restructuring Plan by classes of creditors. The Spanish Insolvency Act sets out certain criteria for the formation of classes of creditors as well as a specific judicial proceeding to approve creditors classes. In order to obtain the approval of a Restructuring Plans by a class of creditors (i) more than two thirds of the creditors (by value) of such class must support the Restructuring Plan if the relevant class is comprised of unsecured creditors, or (ii) at least three quarters of the creditors (by value) of such class must support the Restructuring Plan if the relevant class is comprised of secured creditors.

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated claim will be deemed to have adhered to the Restructuring Plan (for the purposes of petitioning protection against claw back) if it is favorably voted upon by at least 75% of the liabilities represented by the syndicated claim, or a lower majority if so established in the syndicated agreement.

Under the Spanish Insolvency Act, the effects of a Restructuring Plan can be imposed on all types of creditors and claims (subject to specific and limited exceptions), such us financial claims, non-financial claims (including trade creditors), one or multiple classes of creditors and, with certain exceptions, even the debtor's shareholders. Public creditors (e.g., tax authorities and the Social Security) can only be subject to the Restructuring Plan if very strict requirements are complied with and may be only subject to limited postponements. In particular, claims held by public creditors cannot be subject to a haircut, debt-for-equity swap, change of debtor or change of governing law. According to this special regime, as a general rule, their maturity can be extended up to twelve months since the issuance of the homologation ruling and up to six months since the issuance of the homologation ruling if a deferral or division in instalments (*aplazamiento o fraccionamiento de pago*) of such debt has been agreed with the public administration.

Effects of Restructuring Plans

A Restructuring Plan may modify the composition, conditions or structure of the assets and liabilities of the debtor, or its net equity, including the transmissions of assets, productive units, or the entire business as a going concern, as well as any operative change, or a combination of the above. In principle, a Restructuring Plan will not affect the validity of contracts with ongoing reciprocal obligations. However, the Spanish Insolvency Act specifies the termination of such type of contracts that aim to ensure a Restructuring Plan's success, as well as the termination of senior management contracts, and trade supply agreements. Claims arising from the termination of contracts with ongoing reciprocal obligations is subject to the effects of the restructuring.

The judicial sanctioning of a Restructuring Plan (*homologación*) can be requested where the debtor is under likely (*probabilidad de insolvency*) or imminent insolvency (*insolvencia inminente*). If the debtor is actually insolvent (*insolvencia actual*), the judicial sanctioning of the Restructuring Plan can also be requested provided that no mandatory petition for the insolvency of the debtor has been filed by a creditor and been admitted to processing by the relevant court.

The court should sanction a Restructuring Plan as long as: (a) the debtor is in a likelihood of insolvency, imminent insolvency or current insolvency, and the Restructuring Plan offers a reasonable prospect of avoiding an insolvency declaration (*concurso de acreedores*) and ensuring the debtor's viability in the short and medium term; (b) the Restructuring Plan complies with the minimum content and formal requirements established under the Spanish Insolvency Act; (c) the Restructuring Plan has been approved by all classes of affected creditors (except where a cross-class cram down needs to be sought, in which case a different rule will apply), as well as by the debtor or, if applicable, its shareholders; (d) all claims within the same class are treated equally (*paritario*); and (e) the Restructuring Plan has been notified to all affected creditors in accordance with the formalities set forth in the Spanish Insolvency Act.

In addition, the court-sanctioning request must comply with the following general rules: (a) the debtor or any affected creditor supporting the Restructuring Plan must request the court-approval; (b) if the debtor is in a state of current insolvency, the Restructuring Plan's court approval can be requested as long as there is no creditor's involuntary insolvency petition (*solicitud de concurso necesario*) admitted for processing (*admitida a trámite*); and (c) if a court has approved a Restructuring Plan, no new requests regarding the same debtor will be admitted for a period of one year as from the date when the previous Restructuring Plan was filed for court-approval.

Judicial sanctioning of a Restructuring Plan (*homologación*) may be obtained upon request by the debtor or by any creditor having entered into such Restructuring Plan, if certain majority thresholds upon the classes that the "**affected debt**" is divided into votes in favor, and any of the following three scenarios happen: (i) all classes vote in favor of the Restructuring Plan; (ii) at least one of the classes that votes in favour of the Restructuring Plan holds privileged debt; or (iii) at least the class that votes in favour of the Restructuring Plan is "in the money" (i.e., when it can reasonably be presumed that the creditors under such class would have received some payment after an assessment of the debtor as a going concern). The debtor's restructuring expert shall certify that the

required thresholds have been reached. Further, the agreement setting out the Restructuring Plan must be executed by means of a notarial deed.

The judicial sanctioning of a Restructuring Plan would be required where (i) the provisions of the Restructuring Plan are to be mandatorily applied to dissenting creditors who did not vote in favor of the Restructuring Plan or the shareholders (cram-down or cross-class-cram-down); (ii) where contracts of the debtor with third parties are to be mandatorily terminated for the benefit of the restructuring; and (iii) where the transactions envisaged under the Restructuring Plan, are to be protected from claw-back actions in the event of a subsequent insolvency of the debtor, or interim or new money injected to the debtor is to benefit of certain privileges and protections and receive the preferred ranking provided by the Spanish Insolvency Act. Cramdown effects of homologated Restructuring Plans may be imposed on financial and non-financial debt subject to certain exceptions (i.e., commercial debt).

Judicially sanctioned Restructuring Plans may be challenged by affected creditors under a specific proceeding set out by the Spanish Insolvency Act.

Concept and Petition for Insolvency

In Spain, insolvency proceedings are only triggered when a debtor is deemed insolvent, which means either (i) when a debtor becomes unable to regularly meet its obligations as they become due and payable ("**current insolvency**" or *insolvencia actual*); or (ii) when a debtor expects that it will shortly be unable to do so ("**imminent insolvency**" or *insolvencia inminente*). Insolvency proceedings are available as a type of legal protection that a debtor may request in order to avoid the attachment of its assets by its creditors.

A petition for insolvency (*solicitud de declaración de concurso*) may be initiated:

(a) by the debtor (in the case of a company, by decision of its directors), in which case the insolvency proceedings are considered as "**voluntary insolvency**" (*concurso voluntario*); or

(b) by any creditor, provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for *inter vivos* acts, on a singular basis and once the credit was mature, or by certain other interested third parties, in which case the insolvency proceedings are considered as "**mandatory insolvency**" (*concurso necesario*).

Notwithstanding, only the debtor may file a petition for insolvency on the basis of its imminent insolvency.

As described in further detail below, the Spanish Insolvency Act provides that insolvency proceedings conclude following either the court confirmation of a creditors' composition agreement for a reorganization or *convenio* (the "**Reorganization Plan**" or "**Convenio**"), or the liquidation of the debtor's estate (the "**Liquidation**"). An insolvency proceeding can also conclude (i) at any moment when it is verified that there are insufficient assets to pay post insolvency debt, (ii) at any moment when it is verified that all of the credits have been paid, or the situation of insolvency does no longer exist, or (iii) when it is verified that all of the creditors have waived their credit rights.

Voluntary insolvency *(concurso voluntario)*

Insolvency is considered voluntary (*concurso voluntario*) if filed by the relevant debtor.

As a general rule, the debtor must file a petition for insolvency within two (2) months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for necessary insolvency occur.

Failure to file a petition for insolvency within the statutory 2-month period impedes the debtor to propose a pre-arranged Reorganization Plan and directors might be held personally liable in the event of liquidation for the impaired claims accrued as from the onset of insolvency.

Notwithstanding the foregoing, this general rule of the debtors' duty to file for insolvency within the referred 2-month period does not apply if the debtor notifies to the relevant court the initiation of negotiations with its creditors to reach (i) a pre-arranged Reorganization Plan (*propuesta de convenio anticipado*); (ii) an out-of-court workout (*acuerdo de refinanciación*) set out in Article 598 of the Spanish Insolvency Act; or (iii) a collective out-of-court repayment agreement (*acuerdo extrajudicial de pagos*) under Articles 631 *et seq*. of the Spanish Insolvency Act (the "**Creditors' Negotiations Communication**").

Mandatory insolvency *(concurso necesario)*

Insolvency is considered mandatory (*concurso necesario*) if filed by a creditor.

In accordance with Article 2.4 of the Spanish Insolvency Act, a creditor can seek a declaration of insolvency of its debtor if (i) such creditor can prove it is not possible to attach any assets, or sufficient assets of the debtor, to pay the amount owed; or (ii) evidences before court a final previous judicial or administrative declaration of insolvency; or (iii) there is a generalized default on payments by such debtor; (iv) there is a seizure of assets affecting or comprising the generality of such debtor's assets; (v) there is a misplacement, "**fire sale**" or ruinous liquidation of the debtor's assets; or (vi) there is a generalized default on certain tax, social security and employment obligations during the applicable statutory period (i.e. three months).

Upon receipt of an insolvency petition by the entitled party, the court may issue interim measures to protect the assets of the relevant debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The relevant debtor may challenge the necessary insolvency petition, for which it will have to prove that it is not insolvent, unless the creditor's insolvency petition is based on (i) the evidence of a final previous judicial or administrative final declaration of insolvency; (ii) the failure to seize sufficient assets of the debtor to pay the amounts owed; or (iii) the seizure of assets affecting or comprising the generality of such debtor's assets, where the Insolvency Court will hand down an order declaring the opening of the insolvency proceeding without hearing the debtor. In this case, the Insolvency Court will summon the parties to a hearing and will finally render a court ruling either dismissing the application filed by the creditor or declaring insolvency.

Request of coordinated insolvency

The insolvency of a company that forms part of a group of companies, including the parent company, does not automatically lead to the insolvency of the remaining companies of the group. As stated above, a company is insolvent when it cannot regularly meet its payment obligations as they fall due.

Notwithstanding the above, creditors may apply for a coordinated insolvency declaration of two or more of its debtors (*acumulación de concursos*) if either: (a) the assets are commingled, or (b) such debtors form part of the same group of companies.

Therefore, the request for the coordinated insolvency of two or more legal entities may only be filed by a common creditor of the relevant companies and each of the affected companies must in fact be separately insolvent.

Coordinated insolvency may also be requested by the companies themselves provided that they form part of the same group.

Any of the insolvent debtors or the insolvency administrator, as the case may be, may apply for the procedural coordination of insolvency proceedings already declared under certain circumstances (and, in particular, if the insolvent debtors form part of the same group of companies). Moreover, creditors may apply for the procedural coordination of the insolvency proceedings of two or more of its debtors already declared if either (a) the assets are commingled, or (b) they pertain to the same group of companies, provided that a petition has not been submitted by any of the insolvent debtors or by the insolvency administrator pursuant to Article 41 of the Spanish Insolvency Act.

It is important to note that coordinated insolvency proceedings do not entail substantive consolidation. As a result, and as a general rule, a "**group insolvency**" does not lead to a commingling of the debtors' assets and creditors of such group. This means that the creditors of one company of the group will not have recourse against other companies of the same group (except where cross-guarantees exist, in which case such a financial claim shall be subordinated).

The current system that the Spanish Insolvency Act provides for is basically a procedural one, which is aimed at making the insolvency proceedings as time and cost-efficient as possible. However, exceptionally, for the purpose of drafting the insolvency report, by the insolvency administrator only, assets and liabilities amongst the insolvent companies may be consolidated where the estates and liabilities are so commingled, in order to avert unjustified cost and delay.

Certain effects of insolvency

Effects for the debtor

As a general rule and subject to certain exceptions, in a voluntary insolvency (*concurso voluntario*) the debtor retains its powers to manage and dispose of its business, but is subject to the supervision of the insolvency

administrator ("**administración concursal**") (the "**Insolvency Administrator**") appointed by the competent Commercial Court *(Juzgado de lo Mercantil*) dealing with the insolvency proceedings (the "**Insolvency Court**").

In contrast, in the case of mandatory insolvency (*concurso necesario*), as a general rule and subject to certain exceptions, the debtor no longer has power over its assets, and management powers (including the power to dispose of assets) are conferred solely upon the Insolvency Administrator. However, the Insolvency Court has the power to modify this general regime subject to the specific circumstances of the case.

In addition, upon the Insolvency Administrator request, the Insolvency Court has the power to swap the intervention regime for a suspension regime or vice versa.

Actions carried out by the debtor in breach of any required supervision of the insolvency authorities may be declared null and void unless ratified by the Insolvency Administrator.

Subject to certain exceptions linked to the maintenance and conservation of the debtor's estate, the debtor shall not sell or create security over its rights and assets without the Insolvency Court's authorization until the approval of the Reorganization Plan with the creditors or the opening of the liquidation phase.

Effects on contracts

As explained in further detail in section A.2.8. below, one of the main general principles underlying the Spanish insolvency regime is that of "no termination effect" or continuity of all contracts to which the insolvent debtor is party.

In accordance with Article 157 of the Spanish Insolvency Act, all clauses in contracts with reciprocal obligations that allow any party to terminate an agreement based solely on the other party's insolvency declaration (*ipso facto* clauses) are deemed as not included in the agreement and, therefore, unenforceable, except if expressly permitted by specific laws (i.e. agency laws or Royal Decree Law 5/2005, applicable to financial collateral, as defined therein). Any provision to the contrary will be null and void.

Insolvency declaration does not hinder the effectiveness of contracts with reciprocal obligations pending on performance by both the insolvent party and the counterparty (executory contracts), which remain in full force and effect, and the obligations of the insolvent debtor will be fulfilled against the insolvent estate (administrative expense—post-insolvency credits that are pre-deductible from the debtor's estate—*créditos contra la masa*, as further explained below).

However, upon post- petition breaches, the Insolvency Court can terminate any such contracts at the request of the non-breaching party of the agreement or declare the continuation of the executory contract based on the "insolvency proceeding´s best interest" (*mantenimiento del contrato en interés del concurso*), in which case the non-insolvent party's claim will be considered as a post-insolvency credit (pre-deductible from the debtor's estate, *créditos contra la masa*).

On the other hand, the Insolvency Administrator (together with the insolvent debtor or by its sole discretion if debtor's powers to manage and dispose of its business have been conferred to the Insolvency Administrator) may request the Insolvency Court to early terminate the executory contract in the interest of the insolvent debtor's estate (*resolución del contrato en interés del concurso*). The termination of such contracts may result in the insolvent debtor having to return and indemnify damages to its counterpart against the insolvency estate (*con cargo a la masa*). In the event that debtor, the Insolvency Administrator and the counterparty agree on the termination and its effects, the Insolvency Court will approve the parties' agreement; otherwise, if the Insolvency Court upholds termination, it will also fix the damages claim to be received by the non-breaching party.

Furthermore, insolvency declaration stays the accrual of interest amounts under the relevant agreements, except for: (i) credit rights secured with an *in rem* right, in which case interest accrues up to the value of the security interest as such value is to be determined in accordance with the provisions of the Spanish Insolvency Act (i.e. 90% of the collateral fair value minus senior claims), and (ii) any wage credits in favor of employees, which will accrue the legal interest set forth in the Act of the State Budget (*Ley de Presupuestos del Estado*) in force at that time.

Effects on enforcement proceedings

As a general rule, the initiation of insolvency proceedings stays enforcement actions.

In particular, the enforcement of any *in rem* security interest over those assets or rights that are deemed by the Insolvency Court as necessary to the continuation of the debtor's commercial or professional activity, or to a business unit of the insolvent company, cannot be commenced (and the procedures already initiated before

insolvency declaration shall be suspended) until the earlier of: (i) approval of a Reorganization Plan or *Convenio* provided that such Reorganization Plan does not affect such right; or (ii) one (1) year has elapsed since the declaration of insolvency without liquidation phase under the insolvency proceedings being initiated.

This stay of enforcement proceedings will only be lifted when the Insolvency Court determines that the assets or rights is not considered necessary for the debtor to continue its professional or business activities, or when any of the aforementioned scenarios occur.

When it comes to determining which assets or rights of the debtor are used for its professional or business activities, Spanish courts have generally embraced a broad interpretation and will likely include most of the debtor's assets and rights.

Nevertheless, shares (either *acciones* or *participaciones sociales*) held by an insolvent debtor in another company whose only activity is the holding of a material asset and servicing the financing provided in connection with the acquisition of that asset, are not considered to be an asset necessary for the debtor's business activity as long as the foreclosure of the relevant security interest that has been granted over such shares does not bring about an early termination or amendment of the contractual relations permitting the economic exploitation of the relevant asset.

Moreover, as a general rule, insolvency proceedings are not compatible with other enforcement proceedings that can have an effect on the estate (excluding enforcement proceedings with regard to financial collateral, as defined in RDL 5/2005). When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Act extends the jurisdiction of the Insolvency Court, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor, or administrative law).

Finally, prospective investors should also note that enforcement of any security interests will be subject to the provisions of Spanish Civil Procedure Act and Spanish Insolvency Act (where applicable), which may entail delays in the enforcement.

Ranking of creditors' credits and claims

The court decision issued by the competent Insolvency Court declaring the opening of insolvency proceedings for a particular debtor (*auto de declaración de concurso*) shall contain an express request for the creditors (i) to declare those debts owed to them within the period of one (1) month period as from the day after the publication of the insolvency proceedings in the Spanish Official Gazette (*Boletín Oficial del Estado*), and (ii) to provide the Insolvency Administrator with the relevant documentation to justify such credits.

Based on the documentation provided by the creditors and that is held by the debtor, the Insolvency Administrator shall draw up an inventory and a list of acknowledged creditors/claims and classify them according to the categories that the Spanish Insolvency Act provides for and that are summarized below.

In accordance with the Spanish Insolvency Act, creditors' claims are classified in two main groups: (i) post-insolvency credits/estate claims (*créditos contra la masa*); and (ii) insolvency claims (*créditos concursales*).

Post-insolvency credits/estate claims (créditos contra la masa)

Article 242 of the Spanish Insolvency Act provides for the so-called "estate claims" (*créditos contra la masa*) which main feature is that these are pre-deductible (i.e. when they become due and payable) claims from the insolvent debtor's estate (excluding those assets of the insolvent debtor subject to *in rem* security).

Debt against the insolvent debtor's estate includes, among others:

(a) certain amounts of the employee payroll;

(b) costs and expenses of the insolvency proceedings;

(c) debtor's liabilities under executory contracts and those deriving from damages claim obligations to return arising out of termination for breach, assumption or rejection of executory contracts;

(d) those debts that derive from the exercise of a clawback action within insolvency of bilateral contracts (except in cases of bad faith);

(e) certain amounts arising from obligations created by law or tort liability of the insolvent debtor after insolvency declaration and until its conclusion;

(f) certain debts incurred by the debtor following the date of the insolvency declaration;

(g) insolvency administrator's fees;

(h) in case of liquidation, the financing granted to the debtor r before the opening of the liquidation phase to finance the viability plan for the execution of a Reorganization Plan in accordance with the Spanish Insolvency Act;

(i) 50% of the new funds (i.e. fresh money) lent under court sanctioned Restructuring Plan set out in Articles 614 *et seq*. of the Spanish Insolvency Act ("**Homologated Restructuring Plan**"), when the credits affected by the Restructuring Plan represent at least 51% of the total liabilities (or 60% in case of new funds provided by specially related parties (*personas especialmente relacionadas*) of the debtor.

These post-insolvency claims are deemed "super-senior" in the sense that they are not subject to ranking or acknowledgement and, in principle, must be paid as and when they fall due; therefore, these claims are preferred to all others, except for proceeds from collateral subject to specially privileged claims (as described below).

Insolvency claims (*créditos concursales*)

Insolvency claims are classified in the following categories:

(a) **Specially privileged claims (*créditos con privilegio especial*)**: Those creditors benefiting from security interests created by the insolvent debtor over certain assets (i.e. *in rem* securities) up to the amount of the value of their security interests calculated in accordance with the rules set out in Article 270 of the Spanish Insolvency Act, i.e. 90% of the reasonable value of the secured asset minus those claims that hold higher ranking security over such asset, provided that such security interest is listed in the creditors' list.

The portion of the claim of a secured creditor exceeding the value of the relevant security interests calculated as per the above will be classified according to the nature of the claim (usually, ordinary or subordinated claims).

These claims benefiting from special privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one (1) year and certain additional limitations that the Spanish Insolvency Act provides for.

Specially-privileged creditors are not subject to the Reorganization Plan or *Convenio* unless they give their express support by voting in favor of the Reorganization Plan or, in case they do not give such express support, if creditors holding security which represent at least 60% (or 75% depending on the workout measures envisaged under the Reorganization Plan) of the total value of secured claims of the same class vote in favor of such Reorganization Plan.

In the event of liquidation, the specially-privileged creditors are the first to collect payment against the assets on which their credit are secured up to the value of the security interest. However, the Insolvency Administrator has the option to halt any enforcement of the security interests and pay these claims as administrative expenses under specific payment rules.

(b) **Generally privileged claims (*créditos con privilegio general*):** Those creditors benefiting from a general privilege, including, among others, (a) specific labor claims and specific claims brought by public entities or authorities; (b) 50% of the claims held by the creditor who firstly filed for the insolvency of the debtor (excluding subordinated claims); and (c) 50% of the new funds under a Homologated Restructuring Plan.

Similarly to specially-privileged creditors, these generally-privileged creditors are not subject to the Reorganization Plan or *Convenio* unless creditors holding claims benefiting from general privileges which represent at least 60% (or 75% depending on the workout measures envisaged under the Reorganization Plan) of the total value of claims benefiting from general privileges of the same class vote in favor of such Reorganization Plan.

In the event of liquidation, they are the first to collect payment against assets other than those secured by a specially privileged claim after specially privileged creditors, in accordance with the ranking that the Spanish Insolvency Act provides for.

(c) **Ordinary claims (*créditos ordinarios*)**: Ordinary creditors are all those creditors who have claims that are not classified as non-subordinated or non-privileged claims, and they shall be paid *pro rata* once the estate claims and both generally and specially privileged claims have been paid.

(d) **Subordinated claims (*créditos subordinados*)**: Subordinated creditors is a category of claims that includes, among others:

- credits communicated late (outside the specific 1-month period mentioned above);
- credits which are contractually subordinated *vis-à-vis* all other credits of the debtor;
- credits relating to unpaid interest claims (including default interest), except for those credits secured with an *in rem* right up to the value of the security interest;
- fines; and
- claims of creditors which are "specially related parties" (*personas especialmente relacionadas*) to the insolvent debtor, which is a category that is particularly noteworthy and can be summarized as follows:
  - In the case of individuals: any debtor's relatives; legal entities controlled by the debtor or its relatives; the factual or legal administrators of such legal entities; any other legal entity forming part of the same group of companies and the legal entities in respect of which the people described in this paragraph are their factual and legal administrators.
  - In the case of a legal entity:
    - shareholders with unlimited liability (in case such shareholders are natural persons it would include any special related party to these shareholders, as described herein);
    - limited liability shareholders holding directly or indirectly 10% or more of the insolvent company's share capital (or 5% if the company is listed or has securities listed in a secondary official market, as this would be the case for Vodafone Spain) at the time the credit is originated. The claims are not subordinated under this case when derived from loans or analogous instruments;
    - directors (either *de jure* or *de facto*), insolvency liquidators, general managers holding general powers of attorney from the insolvent company (including those people that have held these positions during the two years prior to the insolvency declaration);
    - companies belonging to the same group as the debtor; and
    - the respective shareholders of the debtor and the companies belonging to the same group provided that such shareholders meet the minimum shareholding requirements set forth above (i.e. 10% or 5% if the relevant company is listed). The claims are not subordinated under this case when derived from loans or analogous instruments.

Furthermore, in the absence of proof to the contrary, assignees or awardees of claims belonging to any of the persons mentioned above are presumed to be persons specially related to the insolvent debtor as long as the acquisition has taken place within two years prior to the insolvency proceedings being declared open.

Notwithstanding the above, those creditors who have directly or indirectly capitalized their credit rights pursuant to an Homologated Restructuring Plan (and who have even been appointed as directors) shall not be considered as being in a special relationship with the debtor, in respect of credits against the debtor.

Subordinated creditors are "second-level" creditors. They do not have voting rights but are subject to the terms of the Reorganization Plan once ordinary claims are satisfied pursuant to the terms of such Reorganization Plan.

Therefore, subordinated creditors have rather limited chances of collecting payment according to the ranking of claims that the Spanish Insolvency Act provides for.

No termination effects

The Spanish Insolvency Act provides for the general principle of "no termination effect" as one of the cornerstones upon which the Spanish insolvency regime is built.

According to this principle, all contracts and arrangements of the insolvent debtor remain effective at the time of the insolvency, which means that the declaration of insolvency by itself does not impair the existence and effectiveness of the agreements contracts entered into by the debtor Any contractual arrangements providing for the early termination of a contract with mutual obligations and/or entitling the relevant creditor to terminate it in the event of the declaration of insolvency of the debtor will be unenforceable.

As a general rule, the declaration of insolvency does not alter the general contractual rules on termination, but under the Spanish Insolvency Act, the Insolvency Court may decide to remedy an eventual default of the insolvent party by reinstating an agreement, with the effect that any outstanding amounts and further payments under the agreement will be post-insolvency claims (*créditos contra la masa*) with the effects summarized above. If the Insolvency Court deems it appropriate for the interests of the insolvent party, it is also entitled to terminate an agreement, with compensation for damages if it deems it is best for the insolvency proceeding. There are specific rules for employment agreements, mainly affecting collective dismissals, which are dealt with by the insolvency judge.

Hardening periods

There is no clawback by operation of law, which means that there are no prior transactions by a debtor that automatically become void as a result of the initiation of insolvency proceedings, but instead the Insolvency Administrator (or those creditors that have asked the Insolvency Administrator to do so in the absence of action by the Insolvency Administrator) must expressly challenge those transactions that are considered detrimental to the insolvent debtor's estate by filing an action for rescission (*acción de reintegración*).

In accordance with the Spanish Insolvency Act, in particular under Article 226 therein, upon insolvency declaration only those transactions that could be deemed detrimental to the insolvent debtor's estate (*perjuicio patrimonia*l) during the two (2) years prior to the date the insolvency petition, may be challenged, even if there was no fraudulent intention.

Moreover, subject to ordinary Spanish Civil Code (Código Civil) based actions, the Insolvency Administrator or any creditor may bring an action to rescind a contract or agreement provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. The clawback period for this action is four (4) years.

The Spanish Insolvency Act does not define the meaning of detrimental (*perjuicio patrimonial*). Detrimental does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest resulting in the damage to the insolvent debtor's estate or the prejudice to the equality of the treatment among creditors which drives insolvency proceedings (*pars condition creditorum*).

Although such definition of detrimental does not exist, it is important to note that Articles 227 and 228 of the Spanish Insolvency Act provide for the following types of presumptions to determine whether it was detrimental to the insolvent debtor's estate or not within the 2-year hardening period:

(a) "irrebuttable presumptions" (*iuris et de iure*), which refer to any free disposals and to prepayment or cancellation of unsecured claims or obligations where the relevant maturity date(s) would have fall after the date on which the declaration of insolvency takes place; and

(b) "rebuttable presumptions" (*iuris tantum*) that are subject to being contested by the other party, which include the following actions:

- any disposals in favor of "specially related parties" (as described in section A.2.7.2. (iv) above);
- the creation of *in rem* security interests as collateral of previously existing obligations or of new obligations replacing existing ones (e.g., under a refinancing); and
- the payment or other acts to terminate obligations being secured by an *in rem* security interest and which mature after the date of declaration of insolvency.

Ordinary transactions carried out within the debtor's ordinary course of business cannot be rescinded, provided that they are carried out at arm's length.

Consequently, those acts that have been entered into by the relevant debtor may be rescinded if carried out during the 2-year hardening period and considered detrimental for such debtor's estate. In particular, judges have

considered detrimental payments made by an insolvent company prior to a declaration of insolvency, determining that in some situations a debtor could not be compelled to repay its obligations at the time of payment, because it was already unable to regularly pay debts as they came due.

For this determination, there is no need of proving before the competent Insolvency Court the existence of actual or constructive fraud; it just must be proven that the relevant transaction was detrimental to the estate. The consequence of the Insolvency Court ruling for the rescission of a prejudicial act is that the parties involved in such transaction are required to return their reciprocal consideration with any accrued rents or interest and the guarantees and security interests are cancelled (concerning bilateral contracts, otherwise, the only party obliged to return is the non-insolvent one). Such claims are generally regarded as post-insolvency claims (*créditos contra la masa*) unless in case of bad faith by the relevant creditor, in which case its claims will be subordinated.

Notwithstanding the foregoing, pursuant to Article 730 of the Spanish Insolvency Act, it is important to note that those acts and transactions governed by laws other than Spanish law will not be subject to clawback actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (i.e. not only in insolvency scenarios) under the relevant non-Spanish applicable laws. Procedurally, lenders can be sued, but the Spanish court should dismiss the clawback action on the merits if lenders prove (i) that the act or transaction at issue is subject to foreign law, and (ii) that such act or transaction is unavoidable under the circumstances pursuant to such foreign law.

Neither the Homologated Restructuring Plan nor any transactions, acts and payments accomplished or any security interests created in the performance of such Homologated Restructuring Plan will be subject to an action for rescission.

Conclusion of insolvency

Composition with creditors by means of a Reorganization Plan

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Act encourages creditors to agree on a composition or reorganization plan regarding payment of the insolvency debts (i.e. the Reorganization Plan we referred to un previous sections).

This Reorganization Plan may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this Reorganization Plan must be honored by the debtor and respected by the creditors.

The Reorganization Plan must contain proposals for write-offs (*quitas*) and/or stays (*esperas*). Article 317 of the Spanish Insolvency Act provides that it may also contain proposals for alternative or complementary measures for all creditors or for certain classes of creditors (except for Public Law creditors), as permitted by any applicable law. The Reorganization Plan may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the Reorganization Plan. The Reorganization Plan may not include (i) any change in the amount of the debt, as determined by the Spanish Insolvency Act (without prejudice of any agreed write-offs (*quitas*) and/or stays (*esperas*)), (ii) any amendment of the credits classification, as set out in the Spanish Insolvency Act and (iii) the liquidation of the debtor's state for the payment of the credits.

The proposals in the Reorganization Plan must include a payment schedule.

(a) In order for a Reorganization Plan to be approved by the creditors, the following majorities shall be met:

- In case the Reorganization Plan includes:
- write-offs equal to or less than 50% of the amount of the claims;
- stays on the payment of principal, interest or any other outstanding amount, for a period not exceeding 5 years; or
- in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into PPLs over the same period

at least 50% of the unsecured liabilities (i.e. ordinary credits) shall vote in favor of such Reorganization Plan

Notwithstanding the above, a simple majority (i.e. a portion of the unsecured liabilities voting in favor that exceeds the votes against) will suffice when the Reorganization Plan consists of (i) full payment of ordinary

or unsecured claims within a period not exceeding 3 years, or (ii) immediate repayment of outstanding ordinary unsecured claims applying a write-off of less than 20%.

(b) In case the Reorganization Plan includes any other content different from the abovementioned, 65% of the unsecured liabilities (ordinary credits) should have voted for the Reorganization Plan according Article 376 of the Spanish Insolvency Act.

The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle secured creditors are not subject to an approved Reorganization Plan (unless they have expressly voted in its favor), the effects of an approved Reorganization Plan can be extended to secured and privileged creditors if the relevant Reorganization Plan is approved by the following majorities of creditors:

(i) In case the Reorganization Plan includes a write-off (or debt discharges) equal to or less than 50% of the amount of the claims, stays for a period no longer than 5 years or conversion of debt into PPLs also for a period no longer than 5 years, at least 60% of privileged creditors of the same class (by value of their collateral as per the valuation rules that the Spanish Insolvency Act provides for) shall vote in favor; and

In case the Reorganization Plan includes any other content different from the abovementioned, , at least 75% of privileged creditors of the same class according to Article 397.2.2.º of the Spanish Insolvency Act (by value of their collateral as per the valuation rules that the Spanish Insolvency Act provides for) shall vote in favor.

Liquidation

Failure to obtain the approval of a Reorganization Plan or upon debtor's petition at any time leads to liquidation.

A debtor must file for liquidation after a Reorganization Plan has been approved when it becomes aware of its renovated insolvency situation or its inability to comply with the Reorganization Plan. Liquidation triggers such debtor's dissolution and the Insolvency Administrator stepping into the directors' shoes.

The Insolvency Administrator must prepare a liquidation plan that must be approved by the Insolvency Court. The Insolvency Administrator is required to produce a quarterly report on the liquidation and has one (1) year to complete it. If the liquidation is not completed within one year, the Insolvency Court may appoint a different Insolvency Administrator.

Termination of the insolvency proceedings

Insolvency proceedings can also be terminated at any stage when it is proven that all credits have been paid or that all creditors have been entirely satisfied by other means, or when the situation of insolvency (i.e. the impossibility to face payment obligations regularly) has been overcome.

Finally, it must be noted that Article 473 of the Spanish Insolvency Act foresees the termination of the insolvency proceeding at any time when assets are not enough to pay post-insolvency claims (*créditos contra la masa*) so long as no future clawback actions are envisaged, nor actions claiming liability to third parties, nor the assessment of the proceedings as guilty (*concurso culpable*).

Fraudulent Conveyance Laws

Under Spanish law, in addition to insolvency clawback actions, the Insolvency Administrator and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against the debtor and the third party that is a party to such contract or agreement, provided that such contract or agreement is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way.

Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;
- such act was fraudulent;

- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as that situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed, as opposed to clawback actions where the subjective component or fraud does not have to be proven.

Pursuant to Article 1,297 of the Spanish Civil Code (Código Civil): (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is an irrebuttable presumption, while the presumption indicated in (ii) above is a rebuttable presumption.

If the rescission action were to be upheld, the third party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Subsequently, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

Setoff

The Spanish Insolvency Act generally prohibits setoff of the credits and debts of the insolvent debtor once it has been declared insolvent, but such setoff where the requirements in order to operate were met before the declaration of insolvency can still apply. However, setoff may be exercised by a creditor *vis-à-vis* the insolvent debtor if the governing law of the reciprocal credit right of the insolvent company permits it under insolvency scenarios.

Limitations on validity and enforceability of Notes Guarantees and Collateral granted by Spanish Guarantors

The Notes will be guaranteed by certain Guarantors incorporated in Spain (the "**Spanish Guarantors**") and secured by certain first-ranking *in rem* pledges subject to Spanish law (the "**Spanish Collateral**"), as set forth under section "**Security**," including pledges over the shares in the Issuer, Zegona Bidco and Vodafone Spain Guarantors, pledges over the bank accounts of the Issuer, Zegona Bidco and Vodafone Spain Guarantors and pledges over material intercompany loans and receivables of the Issuer, Zegona Bidco and Vodafone Spain Guarantors, all of which shall be governed by Spanish law and will be shared on a *pari passu*, first-ranking basis with the finance parties under the Senior Facilities Agreement and related finance documents.

We summarized in this section below certain Spanish legal limitations and considerations that may be relevant to holders as regards the Notes Guarantee granted by the Spanish Guarantors and the Spanish Collateral.

General enforcement limitations under Spanish law

The obligations under the Notes, the Notes Guarantees and the Collateral might not necessarily be enforced in accordance with their respective terms in every circumstance.

Such enforcement is subject to, *inter alios*, the nature of the remedies available in the Spanish Courts, the acceptance by such court of jurisdiction, the discretion of the courts, the power of such courts to stay proceedings, the provisions of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamento Civil*) regarding remedies and enforcement measures available under Spanish law, the provisions of the Spanish Insolvency Act and other principles of law of general application.

In this regard, prospective investors should note and analyze with their own legal advisors any such potential limiations including without limitation the following matters:

(i) Spanish law does not expressly recognize the concept of an indemnity.

In particular, Article 1,152 of the Spanish Civil Code provides that any penalty (*cláusula penal*) agreed by the parties in an agreement will substitute damages (*indemnización de daños*) and the payment of interest (*abono de intereses*) in an event of breach, unless otherwise agreed. Spanish Courts may modify the penalty agreed on an equitable basis if the debtor has partially or irregularly performed its obligations, unless the penalty (liquidated damages) was aimed at such partial performance.

There is doubt as to the enforceability of punitive damages in Spain.

(ii) Where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of Spain.

(iii) Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties.

(iv) Spanish law, as applied by the Spanish Supreme Court (*Tribunal Supremo*), permits Spanish courts to preclude early termination of an agreement if the basis of the breach of obligations, undertakings or covenants are merely ancillary or complementary to the main undertakings foreseen under the relevant agreement (such as payment obligations under financing agreements or the perfection and continuance of the relevant security interests and guarantees), and allows Spanish courts not to enforce any such early termination because of the relevant obligor's breach of those ancillary, complementary or non-essential undertakings.

(v) Under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law (*fraude de ley*) and the provisions whose application was intended to be avoided shall apply.

(vi) A Spanish Court may award damages if the specific performance of an obligation is deemed impracticable.

(vii) A specific performance obligation may not automatically convert in a damages claim.

(viii) A Spanish Court may modify the obligations deriving from contracts in the terms considered necessary in order to restore the balance between the obligations, if unexpected and exceptional circumstances, which were unforeseeable when the contracts were executed.

(ix) In accordance with the general principles of Spanish Civil Procedural laws, the rules of evidence in any judicial proceeding cannot be modified by agreement of the parties. Accordingly, provisions in an agreement in which determinations by a party are to be deemed to be conclusive would not be upheld by a Spanish court. A determination, designation, calculation or certificate from one party as to any matter provided in the secured documents might, in certain circumstances, be held by a Spanish court not to be final, conclusive and binding, if it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error despite any provision in the secured documents to the contrary;

(x) It may not be disregarded that the enforcement of a Notes Guarantee or Collateral granted by a Spanish Guarantor could require a judgment to be previously rendered in New York declaring the default or acceleration of the secured obligations and the amount due and payable thereunder;

(xi) A certified translation into Spanish by an official translator of any document not executed in Spanish will be required to make such document admissible in evidence before any court in Spain;

(xii) Under Spanish law, nullity or termination of the principal obligation will entail nullity or termination of collateral obligations securing it;

(xiii) Under Spanish law, claims may become time-barred or may be or become subject to the defenses of set-off or counterclaim, abuse of rights (abuso de derecho), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress or error;

(xiv) Enforceability of any Spanish security documents' provisions relating to application of enforcement proceeds will be subject to mandatory Spanish law requirements on the order of distributions;

(xv) In accordance with the general principles of Spanish civil procedural laws, the rules of evidence in any judicial proceeding cannot be modified by agreement of the parties. Accordingly, provisions in

an agreement in which determinations by a party are to be deemed to be conclusive would not be upheld by a Spanish court. A determination, designation, calculation or certificate from one party as to any matter provided in the secured documents might, in certain circumstances, be held by a Spanish court not to be final, conclusive and binding, if it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error despite any provision in the secured documents to the contrary;

(xvi) Spanish public policy and the general principle of good *faith (buena fe):* Spanish courts may not grant enforcement in the event that they deem that a right has been exercised in such a manner to constitute an abuse of right (*abuso de derecho*);

(xvii) Availability of defenses: The availability of defenses such as (without limitation), set-off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, statute of limitations, undue influence, fraud, duress, abatement and counter-claim;

(xviii) Ancillary nature: Spanish law is based, *inter alia*, on the principle of ancillary nature (*principio de accesoriedad*), by virtue of which a guarantee or a security interest, in general terms, under Spanish law, must secure another obligation to which it is ancillary so the guarantee or security interest follows the underlying obligation in such a way that nullity of the underlying obligation entails nullity of the guarantee or the security and termination of the underlying obligation entails termination of the relevant guarantee or security. Therefore, a Guarantee given by a Spanish Guarantor or Spanish security interest may be deemed null and void under Spanish law in the event that all or part of our obligations under the Notes are null or void. In the event that the guarantors or security providers are able to prove that there are no existing and valid guaranteed obligations, Spanish courts may consider that the guarantors' or security providers' obligations under the relevant guarantees or security are not enforceable; and

(xix) Limitation on claims: Under Spanish law, claims may become time-barred (five years since the obligation becomes enforceable being the general term established for obligations *in personam* under Article 1,964 of the Spanish Civil Code *(Código Civil)*) or may be or become subject to the defence of set-off or counterclaim. In addition, an extension of maturity granted to a debtor by a creditor without the consent of the Spanish Guarantor extinguishes the guarantee.

In addition, a guarantee or security interest may not be enforced in Spain without having validly accelerated (totally or partially, as applicable) the underlying agreements governing the guaranteed or secured obligations, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the Issuer's obligations under the Notes. Therefore, the primary obligation must be clearly identified in the guarantee or security agreement, and they should be amended, extended and/or ratified in parallel to any amendment of the primary obligation to clearly reflect the scope of the guaranteed and secured obligations and the identity of the guaranteed or secured parties.

The enforcement of guarantees may be limited since the guarantor may not be required to pay any amount in excess of the amount owed by the principal debtor or under conditions that are less favorable than those applying to the principal debtor.

Under Spanish law, the valid creation of an in rem right of security requires the formalization of the relevant security document as a public deed (*escritura o póliza*) (unless the security qualifies as a financial collateral under Royal Decree Law 5/2005), without prejudice to any additional formalities or perfection requirements that may be required depending on the type of secured asset. Without notarization of the security documents, the secured parties (i) will not have access to the executive summary proceedings (*juicio ejecutivo*) in case of judicial enforcement of the security documents in Spain, having the secured parties to follow necessarily the ordinary judicial proceedings (juicio ordinario) and (ii) will not be considered as secured creditors having a special privilege over the assets part of the security package in case of insolvency of the relevant Spanish security provider.

Limitations on Notes Guarantees

The figure of a first demand guarantee has been admitted in several judgments by the Spanish Supreme Court as an autonomous guarantee, detached from the underlying agreement whose obligations are being guaranteed, acknowledging therefore the validity of the provision pursuant to which the guarantor has renounced to call on exceptions different to those arising from the guarantee. Notwithstanding this, case law has also admitted the possibility that the guarantor objects to the beneficiary of the guarantee the exception of fraud, bad faith or abuse of right (*abuso de derecho*) in the events where the beneficiary enforces the guarantee in a fraudulent manner or with bad faith. Besides, case law has also admitted that the guarantor can stay the enforcement by showing that there has been no event of default (the guarantor bearing the burden of proof).

The obligations under Notes Guarantees granted by a Spanish Guarantor in the form of a *sociedad de responsabilidad limitada* shall not include any obligations or liabilities which, if incurred, would constitute a breach of Article 401 of the Spanish Companies Royal Decree-Law 1/2010, 2 July (*Ley de Sociedades de Capital*), as interpreted by Spanish courts. In particular, it should be noted that the issuance of notes by a sociedad limitada cannot exceed an amount equal to twice its equity (*recursos propios*) unless the issuance is guaranteed by way of mortgage, pledge over negotiable securities (*valores*), public guarantee or joint and several guarantee by a credit entity and we cannot disregard Spanish courts to consider that such limitation also apply to any guarantee granted by a sociedad limitada to secure any issuance of notes

Principle of specialty (principio de especialidad) and ancillary nature (principio de accesoriedad)

One of the inspiring principles of Spanish law on security interests is the so-called principle of specialty (*principio de especialidad*), which means that, as a general rule, a security interest can secure only one main obligation and its ancillary obligations such as interest and costs, but not two or more main obligations at the same time.

As a general principle, where two different main obligations are to be secured, two different security interests must be created. No statutory provision of Spanish law regulates the possibility of creating concurrently a diversity of *in rem* pledges of equal rank over the same asset. However, Spanish law allows for having concurrent and second or subsequent ranking real estate mortgages. As a consequence of the above, there are grounds to sustain the effectiveness of concurrent equal ranking pledges, even though a different view from the competent courts cannot be disregarded.

Furthermore, it is important to note that, unlike other jurisdictions Spanish law does not expressly regulate the possibility of creating a single global pledge to secure several obligations (i.e. a "floating charge"), though global real estate mortgages are permitted under the Spanish Mortgage Act. Therefore, there are also grounds to sustain the validity of global pledges, even though a different view from the competent courts cannot be disregarded.

Given the above, any security interest governed by Spanish common law (*derecho común*) may be created to secure various obligations (either one security per obligation or as a global security), but to the extent it is not expressly foreseen neither tested by the Spanish courts, a court ruling might come to the conclusion any such security to be void and null.

Likewise, another general principle on which Spanish law on security interests is based is the principle of ancillary nature (*principio de accesoriedad*), by virtue of which any pledge must secure another obligation to which it is ancillary, which must be clearly identified in the relevant security agreement. Therefore, the security interest follows the underlying obligation in such a way that nullity of the underlying obligation entails the nullity of the security and termination of the underlying obligation entails termination of the security.

In the event that the security providers are able to prove that there are no existing and valid guaranteed obligations, Spanish courts may consider that the secured obligations under the relevant guarantees or security interests are not enforceable.

Corporate benefit in cross-collateral security structures

All acts and transactions performed and carried out by a Spanish company must be in pursuit of and aligned with its corporate benefit and interest and, in particular, directors have a duty to act in the best interest of the company, although there is no express mandatory law provision that requires an express and direct corporate benefit. The absence of such a corporate benefit and interest may constitute grounds to challenge in the context of an insolvency proceeding such acts and transactions on the basis that such guarantees and security have no consideration unless evidence could be *provided that* there was a tangible and identifiable economic interest for the Spanish companies (beyond an abstract group interest). Whether there is a specific consideration in favor of the guarantor or grantor of security for the granting of the security or guarantee, is a factual matter that will need to be proven on a case-by-case basis. Likewise, when assessing whether or not directors have acted in the best interest of the company,

only the interest of such company (on an individual basis) is taken into account. Accordingly, transactions undertaken for the benefit of the group may not always be considered consistent with the best interest of the company. In the context of upstream and cross-stream guarantees, the Spanish Supreme Court (*Tribunal Supremo*) has ruled that the subsidiary granting the guarantee or security interest to secure the debt of its parent company or other company of its group should receive some kind of consideration or benefit, either directly or indirectly, to compensate the financial burden assumed in the interest of the group. This compensation must (i) be verifiable, even if it is not received simultaneously to the granting of the guarantee or security; (ii) be adequate and proportional to the burden assumed by the relevant company in the interest of its group; and (iii) have an economic value. Furthermore, the action undertaken in the interest of the group shall be justified and shall not put the solvency of the subsidiary at risk.

The Spanish Guarantors (including Zegona Bidco and Vodafone Spain Guarantors) will be creating the Collateral as security of the Notes issued by a company of the group receiving the financing under the Notes (i.e. the Issuer), so it can be argued whether such Spanish Guarantors have obtained a corporate benefit for granting the relevant Notes Guarantee or Collateral over their assets.

Unlike other jurisdictions, there is no concept of "corporate benefit" expressly regulated under the Spanish Companies Act or any other piece of legislation, However, Spanish lower courts, particularly Spanish commercial courts (*Juzgados de lo Mercantil*) ruling on insolvency matters, are declaring null or rescinding upstream guarantees by applying the rebuttable presumption of actions detrimental to the estate of an affiliate granting guarantees or security interests in favor of the liabilities incurred by a parent company and/or other companies of its group for the purposes of Article 226 of the Spanish Insolvency Act (i.e. rescission or claw-back of these actions during the 2-year hardening period, as described above), when the obligations guaranteed or secured does not provide for a direct benefit to the Spanish company granting such guarantee or security interest.

Some decisions by the Spanish Supreme Court are ruling in favor of the validity and enforceability of such guarantees and security interests to the extent proof can be given that amounts can be borrowed directly by the company granting the guarantee or security interest or indirectly on-lent or otherwise made available to such company under a intercompany loan agreement, equity contribution or similar arrangement, also taking into account any indirect benefits deriving from the enhancement of the financial position of the group of companies to which such company belongs and the granting of parent guarantees, indemnities and comfort letters for which the relevant company obtains most favorable economic and financial conditions under its contractual relationships with suppliers and other counterparties, in accordance with Spanish case law existing as for the construction of the concept of "compensatory advantage" ("*ventaja compensatoria*").

However, it cannot be conclusively ensured that further proof of the actual existence of benefits and compensatory advantages would need to be delivered to court, to the insolvency administrator and/or the insolvency court in the event of an insolvency scenario where the claims of the holders of the Notes, particularly as "special privilege claims" may be challenged if the insolvency administrator or other creditors may allege that such corporate benefit did not exist.

Security agency structure

Spanish Collateral must be granted in favor of each and every one of the secured parties under the relevant security document, and each secured party must accept said security interest.

Spanish law neither expressly recognizes the concept of security agent nor the concept of trustee and, therefore, the security agent or trustee structure may not be recognized by Spanish courts. Therefore, in those cases where an entity acts as security agent or trustee of the actual beneficiaries of the security interest or a guarantee (i.e. the creditors of the secured obligations), such security agent or trustee must be duly empowered for that purpose at the time it acts as security agent or trustee. Otherwise the security interest or guarantee will not be validly created in favor of its purported beneficiaries. Particularly, since holders of the Notes will not have any power to accept and enforce the Spanish Collateral securing the Notes except through the Security Agent or the Trustee, and the authority of the Security Agent or the Trustee to represent them and to enforce the Spanish Collateral in their name and for their benefit is contained in documents governed by English or New York law, there is some uncertainty as to whether or not a Spanish court would actually recognize holders of the Notes as secured parties, whether obligations to beneficial owners of the Notes that are not identified as registered holders in a Security Document will be validly secured or whether the Security Agent would only be able to enforce the guarantees or the security interest in respect of those obligations. These limitations may be overcome if such creditors grant formal powers of attorney in favor of the Security Agent in order for the latter to represent them in the enforcement proceedings.

The holders of the Notes, from time to time, shall be the beneficial holders of any Spanish law security interests; however, it is envisaged that they will not be parties to the Spanish law security documents that will be executed by the Security Agent on their behalf and the holders of the Notes will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent (even if they are the direct beneficiaries of the security interests).

Although it could be argued that Article 429 of the Spanish Companies Act (*Ley de Sociedades de Capital*) could apply by analogy, which basically states that the representative of the syndicate of the holders of the Notes (*comisario*) may enforce any security interest on behalf of all holders of the Notes under certain circumstances, it cannot be disregarded that, if enforcement of the security interest is carried out by the Security Agent, it may be necessary to prove that the Security Agent is duly and expressly empowered for such purpose by means of a power of attorney granted in favor of the Security Agent by each of the secured parties (including the holders of the Notes) duly notarized and, if necessary, with the Apostille of The Hague Convention dated October 5, 1961 or legalized.

In the absence of the abovementioned powers of attorney, the Security Agent may not be able to enforce the relevant Spanish Collateral on behalf of all of the secured creditors (including the holders of the Notes), and there is a risk that the Security Agent would only be able to enforce the security interest against the debt that it individually holds, and not for the full amount owed to creditors for whom it may be acting as Security Agent. Further, those beneficial holders of the security who has not accepted the security or duly empowered (by means of notarial and apostilled powers of attorney) the Security Agent to do so may be treated, from a Spanish law perspective including without limitation in an insolvency scenario, as unsecured creditors.

Further, it is worth noting that there is a risk that the relevant court or notary public before whom any Spanish security interest may eventually be enforced might request both the notarization of the documents from which the relevant obligations arise, and the notarization of each and every one of the transfer certificates regarding each and every transfer of the Notes.

Parallel debt

The concept of "parallel debt" may be questioned under Spanish law as parallel debt structures have not been tested under Spanish law and we are not aware of any court precedent where it has been recognized by a Spanish Court. On the contrary, guarantee/security interests to be valid, enforceable and perfected require that the beneficiary of the guarantee/security interest and the creditor are the same person. Therefore, we cannot assure you that by creating any such structure it will eliminate or mitigate the risk of unenforceability by the Security Agent posed by applicable law, but on the contrary it may increase the risk of not recognition of the secured obligation in favor of those creditors which do not appear as beneficiaries of the guarantee/security interest. If any challenge to the validity, perfection or enforceability of the security interests created by the security documents were successful, the holders of the Notes may be unable to enforce such guarantees or security interests.

In particular, Spanish law requires, in order to be valid and enforceable, for all obligations to be assumed by reason of a valid and licit ground (*causa*) (Article 1,261 of the Spanish Civil Code) and therefore, the validity and enforceability of abstract obligations or any obligation assumed without a valid and licit ground (*causa*) may be rejected. Thus, we cannot discard the possibility that a Spanish court may consider that the parallel debt obligation lacks "causa", and it may consider that the relevant obligations cannot be secured by the Notes Guarantees and the Collateral.

Also, under Spanish law, in the event that the relevant obligor enters into insolvency proceedings, the securities or the parallel debt obligation could be subject to potential challenges by an insolvency administrator, the obligor itself or by other creditors of such obligor under the rules of avoidance or clawback of Spanish insolvency laws and the relevant law on the non-insolvency avoidance or clawback of transactions by the debtor.

Limitation on claims

Under Spanish law, claims may become time-barred (5 years since the obligation becomes enforceable being the general term established for obligations *in personam* under Article 1,964 of the Spanish Civil Code, as amended in 2015) or may be or become subject to the defense of set-off or counterclaim. In addition, an extension of maturity granted to a debtor by a creditor without the consent of the Spanish Guarantor extinguishes the guarantee.

Court enforceability

The terms "enforceable," "enforceability," "valid," "legal," "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type

enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms.

Enforcement before the courts will in any event be subject to:

- the nature of the remedies available in the courts; and
- the availability of defenses such as (without limitation) set-off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress, abatement and counterclaim.

Financial assistance

Spanish law prohibits financial assistance: (i) for public limited liability companies (*sociedades anónimas*) in relation to the acquisition of their own shares or the shares of any direct or indirect parent company, and (ii) for private limited liability companies (*sociedades de responsabilidad limitada*), in relation to the acquisition of their own shares and the shares of any member of their corporate group.

In particular, claims against Guarantors incorporated in Spain will be limited and will not secure those obligations or liabilities which, if secured, will constitute an infringement of Spanish financial assistance laws in accordance with Articles 143.2 and 150 of the Spanish Companies Act. This means that security and guarantees granted by Vodafone Spain and its Spanish subsidiaries only secure amounts which are used to refinance the Vodafone Spain Group's existing indebtedness and the proportional stake of the interests, costs and expenses associated with such amounts. They will not secure any portion of the Notes utilised to finance the acquisition of Vodafone Spain and the interests, costs and expenses incurred in connection thereof.

As a consequence, the guarantees and security interests granted by Vodafone Spain and its subsidiaries shall guarantee and/or secure the Covered Principal, together with any interest and other amounts payable in respect of such principal amount. The relevant guarantees and/or security interests shall not extend to the Uncovered Principal together with any interest and other amounts payable in respect of such principal, only to the extent guaranteeing and/or securing such amount constitutes or may constitute unlawful financial assistance within the meaning of Article 150 of the Spanish Companies Law in relation to any Spanish Guarantor incorporated or organized as a public limited company (*sociedad anónima*) under the laws of Spain or Article 143.2 of the Spanish Companies Law in relation to any Spanish incorporated or organized in Spain as a limited liability company (*sociedad de responsabilidad limitada*) under the laws of Spain.

For the avoidance of doubt, the Covered Principal and the Uncovered Principal, together with any interest and other amounts payable in connection with such principal amounts, shall be applied *pro rata* across the total balance of the Notes and in respect of each and every Note, individually.

The limitations indicated above shall not apply to Zegona Bidco, which shall be able to guarantee the full principal amount of the Notes.

The Indenture will limit all Notes Guarantees of the Guarantors in the Vodafone Spain Group in accordance with the foregoing.

In addition, Article 158 the Spanish Companies Act provides that the financial assistance restrictions referred to above in relation to transactions targeting shares of a Spanish parent company shall also be applicable to its non-Spanish subsidiaries carrying out such transactions. As a consequence, there is a debate among Spanish scholars on whether under Spanish law, the financial assistance restrictions referred to above in relation to the Notes Guarantees and Collateral granted by Guarantors incorporated in Spain may also apply to the Guarantees and Collateral granted by the subsidiaries of the Vodafone Spain Group not incorporated in Spain. The Notes Guarantees and Collateral will be further limited as set forth in "*Certain Insolvency Law Considerations and Limitations on Notes Guarantees and Security*."

Financial collateral arrangements

The Directive 2002/47/EC of the European Parliament and of the council of 6 June 2002 on financial collateral arrangements was implemented in Spain by means of RDL 5/2005 and it implements, among others, the provisions related to the special regime for security interests over cash and securities. However, in order to benefit from the provisions of RDL 5/2005: (A) the parties to the security documents must be those referred to in Article 4 (mainly public entities, credit entities and financial institutions in accordance with Article 1.5 of the Directive 2006/48/CE of 14 June), (B) the object of the security must consist exclusively of (i) cash, meaning money paid into an account in any currency; (ii) securities and other financial instruments as defined in the Securities Market Act and its

implementing regulations and any other direct or indirect regulation over them (there is an uncertainty on whether the shares of non-listed companies in the form of Spanish *sociedad anónima* or those represented by titles may qualify as securities or financial instruments to these effects and to the extent we are aware this has not been tested before Spanish courts yet); and (iii) credit claims, meaning pecuniary claims arising out of an agreement whereby a credit institution grants credit in the form of a loan or a credit to an entity (other than consumers or a micro or small enterprises, save where the collateral take or the collateral provider of such credit claims is one of the institutions referred to in Article 4.1(d) of RDL 5/2005).

Only if a security qualifies as financial collateral arrangement in accordance with the requirements set out under RDL 5/2005, the relevant security can be enforced by means of direct appropriation, otherwise, the security shall be enforced through other procedures available such as judicial proceeding in accordance with Articles 681 to 698 of Spanish Act 1/2000, of January 7, 2000, on Civil Procedure or notarial proceedings in accordance with Article 1.872 of the Spanish Civil Code, in both cases the relevant asset is required to be sold by public auction. If the sale price obtained in the public auction exceeds the outstanding secured amount, the amount of which it exceeds the outstanding secured amount must be delivered to the mortgagor/pledgor. The judicial or notarial procedure can be a very complex and long process (which might be subject to formalities, granting of judicial powers of attorney, waiting periods, legal notice requirements, valuation of assets, material costs and expenses etc.) and the result may differ from what was expected or might not be successful.

Other Collateral enforcement restrictions

To the extent that Vodafone Spain is subject to certain regulatory requirements if enforcement of Collateral causes a, direct or indirect, change of control of Target, the transfer of the relevant shares might be subject to notification or clearance from the relevant authorities, including without limitation from the CNMC and/ or other requirements might be required for the relevant bidder to acquire the relevant pledged shares.

Capitalization

Under Spanish law there are some provisions on capitalization that should be taken into account when guarantees and/or security interests are enforced. For example, when the enforcement of the security interests cause the amount of the relevant Spanish subsidiary net equity (*patrimonio neto*) to fall below half of its share capital, the Spanish subsidiary will need to be wound up (*disolverse*), unless its share capital, in such case, is increased or decreased in the required amount to reestablish the balance between its net equity and its share capital, and provided that it is not required to declare its insolvency.

England and Wales

Fixed and Floating Charges

Fixed charge security has a number of advantages over floating charge security: (a) an administrator appointed to the company that granted the floating charge can dispose of assets subject to a floating charge (without the prior consent of the charge holder(s) or the court) for cash or collect receivables charged by way of floating charge (provided that the floating charge is not created or does not otherwise arise under a financial collateral arrangement (see below)) although the floating charge holder retains the same priority in respect of the proceeds from the disposal of the assets subject to the floating charge ; (b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the same charged assets (provided that the floating charge was not crystallized at the time the fixed charge was granted and there were no restrictions on the creation of such security which the fixed charge holder was aware of); (c) general costs and expenses (including the remuneration of insolvency officeholders (such as an administrator) and the costs of continuing to operate the charging company's business while in administration) properly incurred in an insolvency process are generally payable out of the assets of the charging company (including the assets (including cash) that are subject to the floating charge) and insolvency office-holders appointed to a charging company can convert floating charge assets to cash and use such cash to meet such general costs and expenses in priority to the claims of the floating charge holder to the extent the assets of the company available for unsecured creditors generally are otherwise insufficient to cover such costs and expenses in full and in each case provided that the floating charge is not created or does not otherwise arise under a financial collateral arrangement (see below); (d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of its business, meaning that such assets can be effectively disposed of by the charging company so as to give a third party good title to the assets free of the floating charge; (e) floating charge security is subject to certain challenges under English insolvency law (see "*—Avoidance of Transactions—Invalid Floating Charges*"); and (f) where the floating charge is not created or otherwise arising under a "financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (SI

2003/3226) (as amended) (the "**Financial Collateral Regulations**") floating charge security is subject to the claims of preferential creditors (such as occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees) and to the claims of unsecured creditors in respect of a ring-fenced amount of the proceeds (see "*—Administration*").

Notwithstanding the above, an administrator may, with the prior approval of the court or the relevant fixed charge holder(s), deal with property subject to a fixed charge, provided that disposing of the property is likely to promote the purpose of the administration and that the administrator applies the net proceeds from the disposal of the property in question towards discharging the obligations of the company to the charge holder.

Administration

English insolvency statutes empower English courts to make an administration order in respect of a company registered under the Companies Act 2006 in England and Wales or Scotland, a company incorporated in a member state of the European Economic Area or a company not incorporated in a member state of the European Economic Area but having its "center of main interests" ("**COMI**") in an EU member state (other than Denmark) or in the UK. A court order is not necessarily required to appoint an administrator, administration can be implemented using an out-of-court route.

Without limitation and subject to specific conditions, an administration order can be made if the court is satisfied that (a) the relevant company is or is likely to become "unable to pay its debts" (although this requirement does not apply if the applicant is a holder of a "qualifying floating charge" in respect of the company's property (see "**Qualifying Floating Charge**" below as to what constitutes a qualifying floating charge in respect of the company's property)) and (b) the administration order is reasonably likely to achieve the purpose of administration.

A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), in each case as per Section 123 of the Insolvency Act 1986 (the "**IA86**"). Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 within 21 days of service or to satisfy in full or in part a judgment debt (or similar court order).

Without limitation and subject to specific conditions, a company, the directors of such company or the holder of a qualifying floating charge in respect of the company's property (see "**Qualifying Floating Charge**" below) where the floating charge has become enforceable, may also appoint an administrator via an out of court process, and different procedures apply according to the identity of the appointor.

The purpose of an administration is comprised of three statutory objectives that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to one or more secured or preferential creditors. Subject to the stated purpose, the administrator must perform his or her functions in the interets of the company's creditors as a whole. The order of priority which applies to any distribution to creditors is set out below (see "**Priority of Claims**" below).

During the administration, certain rights of creditors, including secured creditors, are curtailed pursuant to the statutory moratorium imposed under the IA86. Upon the appointment of an administrator, in general no proceedings or other legal process may be commenced or continued against such company, or security or guarantee enforced over such company's property, except with leave of the court or the consent of the administrator (although a demand for payment could still be made under a guarantee granted by the company). A court will consider a range of discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if an English Obligor were to enter administration, the collateral granted by that English Obligor could not be enforced while that English Obligor was in administration without the leave of the court or consent of the administrator. There can be no assurance that such leave of the court or consent of the administrator would be obtained.

However, while the restrictions of the statutory moratorium are extensive they are not total. For example, subject to certain exceptions, certain contractual set off rights may continue to be exercised, at least until the administrator makes an authorised distribution. Additionally, the moratorium does not apply to any security interest created or otherwise arising under a "financial collateral arrangement" under the Financial Collateral Regulations.

While an administrator is in office, the powers of the directors of the relevant company cease (save for those powers that do not interfere with the exercise of the administrator's powers, or where permitted by the administrator) and the administrator has primary responsibility for managing the company's affairs. An administrator is given wide powers to conduct the business of the company to which he or she is appointed and, subject to certain requirements under the IA86, dispose of the property of a company in administration that is either not subject to security, or is subject to a floating charge (except in certain circumstances). In the case of property subject to a fixed charge, an administrator has no power to dispose of that property clear of the fixed charge without the agreement of the relevant charge holder or a court order. Such a court order is discretionary and may be made only where the court thinks the disposal would be likely to promote the purpose of administration. If such an order is made, it will be conditional upon the administrator applying the net proceeds of the disposal, together with any additional sum required to produce the net amount the court determines would be realised on a sale at a market value, towards discharging the sums secured by the fixed charge. The administrator also has the ability to challenge certain antecedent transactions.

Ordinary corporate administration terminates automatically after a year (albeit the administration may be extended by court order or, subject to a limit of one year, by consent of the creditors).

A company may exit administration and control will be restored to its directors in certain cases, including if the administrator is satisfied that one or more of the statutory objectives of administration has been sufficiently achieved (upon application to and order of the court if the administration is pursuant to an administration order). However, it is also possible for a company to move from administration to liquidation or dissolution. If the administrator thinks the purpose of administration cannot be achieved, he or she must apply to court to end his or her appointment. In addition, a company in administration can move to creditors' voluntary liquidation (where the administrator thinks that all secured creditors will be paid and there is at least something remaining available for the unsecured creditors) or dissolution (where the administrator thinks that there is no property available for distribution to the creditors).

Qualifying Floating Charge

If a company grants a "qualifying floating charge" to a party (such as a security agent on behalf of secured creditors) for the purposes of English insolvency law, that party will be able to appoint an administrator by the out-of-court route or (in limited circumstances) appoint an administrative receiver. The essential characteristics of a qualifying floating charge include if it is created by an instrument which (a) states that the relevant statutory provision applies to it (being paragraph 14 of Schedule B1 of the IA86), (b) purports to empower the holder to appoint an administrator of the company; or (c) purports to empower the holder to appoint an administrative receiver within the meaning given by Section 29(2) of the IA86.

A party will be the holder of a qualifying floating charge in respect of the company's property if he holds one or more debentures of the company secured: (a) by a qualifying floating charge which relates to the whole or substantially the whole of the company's property; (b) by a number of qualifying floating charges which together relate to the whole or substantially the whole of the company's property; or (c) by charges and other forms of security which together relate to the whole or substantially the whole of the company's property and at least one of which is a qualifying floating charge. It is a matter of fact whether the relevant security relates to 'the whole or substantially the whole' of the company's property and there is no statutory guidance as to what percentage of a company's assets should be charged to satisfy this test.

Administrative Receivership and Receivership

There are, broadly speaking, two different types of receiver: an 'administrative receiver' (being a receiver or manager of the whole or substantially the whole of a company's property appointed by a holder of a charge which, as created, was a floating charge, or by such a charge and one or more other securities and who normally takes over the running of the company's business) and a receiver (often described as a "fixed charge receiver"). The latter are not administrative receivers and are mostly used to sell land or other specific assets subject to a fixed charge.

Administrative receivership as a creditor remedy has been largely abolished and is only available in very limited circumstances where such charge pre-dates 15 September 2003 or falls within one of the exceptions under the IA86 (as amended by the Enterprise Act 2002) to the prohibition on the appointment of administrative receivers. The most relevant exception to the prohibition on the appointment of an administrative receiver by the Security Agent is that the Security Agent can appoint an administrative receiver under security forming part of a "capital market arrangement" (as defined in the IA86), which may apply if the issue of the Notes creates a debt of at least £50.0 million for the relevant English company during the life of the arrangement and the arrangement involves

the issue of a "capital market investment" (which is defined in the IA86, and includes rated, listed or traded debt instruments, and debt instruments designed to be rated, listed or traded).

The ability to appoint a receiver over secured assets (in contrast to an administrative receiver) is typically provided for in English law security documents. There is also a (limited) statutory right under Section 101 of the Law of Property Act 1925 for the holder of a mortgage or charge created by deed over the assets of a chargor to appoint a receiver over the charged assets to collect the income of the charged property and apply it in satisfaction of the secured debt.

A receiver can be appointed in accordance with the terms of the security documentation which typically provide for the ability to appoint a receiver once the relevant security interests become enforceable in accordance with their terms. Once appointed, the receiver acts as the agent of the chargor. The charge document pursuant to which the receiver is appointed will typically set out the powers of the receiver once appointed. Typically, these powers will include the right to take possession of and sell the charged assets, with the proceeds being used to pay the relevant secured creditors.

An administrative receiver's and, typically, a receiver's primary duty is to realize the secured assets and to pay the proceeds to its appointer, typically a secured creditor, up to the amount of the secured debt (subject to the requirement to set aside the prescribed part (see "*Prescribed Part*" below)). An administrative receiver or receiver does, however, also owe duties to the chargor, in particular a duty if selling a secured asset to take reasonable care to obtain the best price reasonably obtainable at the time of sale.

There is no moratorium in receivership or administrative receivership, so creditors can enforce any rights that are consistent with the priority of the security, including exercising rights of set-off and forfeiture, collecting goods that are subject to valid retention of title claims and, subject to certain IA86 limitations on the effectiveness of ipso facto clauses where applicable, terminating contracts.

If a company is already in administration, the moratorium on creditor action will prevent the appointment of a receiver or administrative receiver unless (in the case of a receiver) the administrator consents or the court permits the appointment, or an exception to the moratorium applies (see above).

If an administrative receiver has been appointed, an administrator can only be appointed by the court (and not by the company, its directors or the holder of a qualifying floating charge in respect of the company's property using the out of court procedure) and then only if the person who appointed the administrative receiver consents or the court considers that the security pursuant to which the administrative receiver was appointed is capable of challenge as a transaction at an undervalue, a preference or an invalid floating charge. In contrast, the appointment of a receiver who is not an administrative receiver does not prevent the appointment of an administrator.

If an administrator is appointed, any administrative receiver will vacate office, and any receiver appointed over part of the company's property must resign if required to do so by the administrator unless that receiver was appointed under a charge created or otherwise arising under a financial collateral arrangement, as per Reg. 8(4) of the Financial Collateral Regulations.

Scheme of arrangement

Although it is not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006, the English courts have jurisdiction to sanction a scheme of arrangement (a "**Scheme**") that effects a compromise or arrangement between a company and its creditors (or any class of them), including secured creditors, or members (or any class of them) outside of a formal insolvency process.

An English company may be able to propose a Scheme in respect of its financial liabilities. In addition, a foreign company (potentially including a foreign Guarantor) which is liable to be wound up under the IA86 and has a "sufficient connection" to England and Wales could also propose a Scheme in certain circumstances. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law-governed, or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in any given case. The English courts will refuse to sanction a Scheme for an unregistered company where to do so would not be likely to serve any real purpose. Whether the effect of the Scheme will be recognized in the jurisdiction of incorporation of a foreign company or in the foreign jurisdiction where a company has its COMI will depend on the jurisdiction in question. The English court has previously sanctioned Schemes where expert evidence was provided showing that there was at least a reasonable prospect that a foreign jurisdiction would recognize the Scheme in that jurisdiction. However, each case will be considered on its particular facts and

circumstances so previous cases will not necessarily determine whether or not this test would be satisfied in any given case.

Before the court considers the sanction of a Scheme at a hearing, (the "**Sanction Hearing**"), the proposed compromise or arrangement must be voted on by the affected creditors and / or members (the convening of which must be first approved by the court at the convening hearing). The affected creditors and / or members will vote in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors and / or members that will be affected by the proposed Scheme and any new rights that such creditors and / or members are given under the Scheme. Classes must be comprised of those persons whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their common interest. To proceed to the Sanction Hearing, the Scheme must be approved by at least 75% in value and a majority in number of those present and voting in person or by proxy in respect of each class, irrespective of the terms and approval thresholds contained in the finance documents.

If approved by the requisite majorities at the scheme meeting(s), the Scheme must then be considered by the court again at the Sanction Hearing, at which point the court will consider the fairness of the Scheme and whether it is reasonable. The court has the discretion as to whether to sanction the Scheme as approved, make an order conditional upon modifications being made or reject the Scheme. If sanctioned by the court, a Scheme will be binding on each relevant class of creditors (both secured and unsecured) and members including any dissenting or abstaining party.

Unlike an administration proceeding, the commencement of a Scheme does not automatically trigger a moratorium of claims or proceedings.

Liquidation

Liquidation is a company dissolution procedure pursuant to which the assets of the company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the IA86 (see "*Priority of Claims*" below). Once the liquidator has completed this task, the company will be dissolved and removed from the register of companies.

There are two forms of winding up: (a) compulsory liquidation, by order of the court; and (b) voluntary liquidation, by resolution of the company's members, and which is in turn divided into members' voluntary liquidation ("**MVL**") and creditors' voluntary liquidation ("**CVL**"), in each case by resolution of the company's members (save where it follows an administration). Note that while a CVL (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, once in place it is subject to some degree of control by the creditors.

Companies registered in England and Wales or foreign companies with their COMI in England and Wales, with their COMI in an EU member state (other than Denmark) and an "establishment" in England and Wales or which have a "sufficient connection" with England and Wales to justify the court exercising its jurisdiction may be wound up via compulsory liquidation. Only companies registered in England and Wales or Scotland may be subject to voluntary liquidation (save that a foreign company where its COMI is in England and Wales or in an EU member state (except Denmark) but which has an "establishment" in England and Wales may enter a creditors' voluntary liquidation).

A creditor, the company or in certain circumstances a shareholder, among others, can present a winding-up petition to the Court for the compulsory winding-up of a company. The most common grounds for the compulsory winding up of a company is that either it is unable to pay its debts (as defined in Section 123 of the IA86) or the court is of the opinion that it is just and equitable for the company to be wound up.

The effect of a compulsory liquidation differs in a number of respects from that of a voluntary liquidation. In a compulsory liquidation, under Section 127 of the IA86, any disposition of the relevant company's property made after the commencement of the winding up is, unless sanctioned by the court, void. However, this will not apply to any property or security interest subject to a disposition or created or otherwise arising under a financial collateral arrangement under the Financial Collateral Regulations and will not prevent a close-out netting provision taking effect in accordance with its terms. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced from the time of the presentation of the winding up petition. Once a winding up order is made by the court, a stay of all proceedings against the company will be imposed. No action or proceeding may be continued or commenced against the company without

permission of the court and subject to such terms as the court may impose although there is no stay on the enforcement of security.

In the context of a voluntary liquidation, however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the members' resolution to wind up. As a result, there is no equivalent of Section 127 of the IA86 for a voluntary liquidation. There is also no automatic stay in the case of a voluntary liquidation – it is for the liquidator, or any creditor or contributory of the company, to apply for a stay to prevent the continuation of legal proceedings and enforcement of security.

An MVL is a solvent liquidation that is controlled by the shareholders. It commences when the shareholders pass a special resolution to place the company into liquidation and there is no involvement by the court. Not more than five weeks prior to the making of the winding up resolution, the directors must swear a statutory declaration of solvency stating that, after having made full enquiry into the company's affairs, they have formed the opinion that it will be able to pay its debts, including interest and the costs of the MVL process in full, within a stated period not exceeding twelve months from the start of the liquidation.

A CVL is also commenced by the shareholders resolving to place the company into liquidation and has no court involvement. In contrast to an MVL, however, the directors do not swear a statutory declaration of solvency for a CVL (meaning the company can be solvent or insolvent). If the creditors choose a different person to act as liquidator from that appointed by the shareholders, the creditors' choice will prevail.

On the appointment of a liquidator, the directors' powers to bind the company automatically cease, save for those powers that are sanctioned by the liquidator or creditors (as appropriate). A liquidator has, among other things, the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding up, to sell the company's property (provided that in respect of the sale of any property that is secured by a fixed charge in favor of a creditor, if that sale is made without the secured creditor's consent, it will be made subject to that security, as the creditor's consent will be needed to the release of the security), execute documents in the name of the company and to challenge antecedent transactions.

Under English insolvency law, with some exceptions a liquidator has the power to disclaim any onerous property, which includes unprofitable contracts and any other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on the company that may be detrimental to creditors. However, this power does not apply to a contract where all of the obligations have been performed nor can it be used to disturb accrued rights and liabilities, and if a contract is disclaimed the contractual counterparty has a right to sue for damages in respect of the terminated contract. In addition, the power to disclaim onerous property does not apply to any property or security interest subject to a disposition or created or otherwise arising under a financial collateral arrangement where the collateral-provider or collateral-taker under the arrangement is being wound up.

Company Voluntary Arrangements

A company voluntary arrangement ("**CVA**") is a procedure intended to allow companies to avoid potentially terminal insolvency proceedings and to address their financial difficulties by obtaining a binding agreement or compromise with their unsecured creditors. Though it does not result in the insolvency of a company, a CVA is implemented under the supervision of an insolvency practitioner who will act as the "nominee" before the CVA proposals are approved, and as the "supervisor" afterwards. CVAs may also be used as a tool alongside a formal insolvency procedure such as administration in order to implement a compromise between the debtor company and its creditors. Unlike an administration proceeding, a CVA does not automatically trigger a moratorium of claims or proceedings.

A company is eligible to propose a CVA if it is (i) registered under the Companies Act 2006 in England and Wales or Scotland (ii) incorporated in a member state of the EEA or (iii) not incorporated in a member state of the EEA but has its COMI in a member state of the EU (other than Denmark) or in the UK. The CVA can be proposed by the relevant company's directors (if the relevant company is not in administration or liquidation) or, if the relevant company is in administration or liquidation, by the administrator or the liquidator (as applicable).

The proposal for a CVA would generally include a rescheduling or reduction of the company's unsecured debts, but may also form part of more complex arrangements that seek to balance the interests of many different creditor groups.

If the proposals under the CVA are approved by the requisite majority of creditors (i.e. 75% or more in value of creditors who respond in the decision procedure) and provided that those voting against the proposal do not include more than 50% in value of creditors who are unconnected with the company whose claims are admitted for voting,

a CVA will bind all unsecured creditors of a company who were entitled to vote on the proposal or who would have been entitled to vote if they had notice of the decision procedure. However, a CVA will not affect the rights of secured creditors or preferential creditors unless they agree to the proposals. A wholly-secured creditor is excluded from CVA voting, but if the debt owed to a creditor is partly secured that creditor is permitted to vote in respect of the unsecured part of its debt. Shareholders of the company will also be asked to vote on the CVA but whether or not they vote in favor, the CVA will be implemented if the requisite majority of creditors approve the proposal. Anyone entitled to vote on the proposal may apply to the court to challenge the approval of a company voluntary arrangement in certain circumstances.

Priority of Claims

One of the primary functions of liquidation (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the insolvent company and to distribute the cash realizations made from those assets to its creditors. Under and in accordance with the IA86, creditors are placed into different classes and, with the exceptions and adjustments noted below, the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the prescribed part (see "*Prescribed Part*" below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior ranking class have been repaid in full. Unless creditors have agreed otherwise, distributions are made on a *pari passu* basis, that is, the proceeds realized from the assets are distributed in proportion to the debts due to each creditor within a class.

As an exception to the principle of *pari passu* distribution, insolvency set-off, which sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and whereby only any net balance owed by the company is provable in the administration or liquidation, will apply in a liquidation or distributing administration. Insolvency set-off is mandatory and automatic as of the date of liquidation or the date on which the administrator has given notice that they intend to make a distribution to creditors. The effect of insolvency set-off is that the creditor receives full value for its claim to the extent of the amount that it owes the company (in circumstances where it might otherwise, as an unsecured creditor, receive little or no dividend in respect of that element of its claim). However, insolvency set-off will not apply to all amounts owing between the creditor and debtor company; amongst other things, claims arising after a certain cut-off date will be excluded and the requisite degree of mutuality must exist. Parties cannot waive the application of, or alter the scope or operation of, insolvency set-off by contractual agreement (insolvency set-off will displace all other rights of contractual set-off, which have not been exercised before the time at which insolvency set-off applies).

The general priority of claims on insolvency is as follows (in descending order of priority) and subject to certain circumstances in which super priority is afforded to moratorium debts and priority pre-moratorium debts in accordance with Section 174A of the IA86 and paragraph 64A of Schedule B1 of the IA86 (see "*Corporate Insolvency and Governance Act 2020*" below), and noting that payment of such moratorium debts and priority pre-moratorium debts shall be after payment to the first-ranking creditors:

- *First ranking*: holders of fixed charge security, who are entitled to the proceeds of those secured assets up to the value of their secured claim, and creditors with a proprietary interest (but not full legal and beneficial ownership) in specific assets in the possession of the debtor but only with respect to the assets in which they have a proprietary interest;
- *Second ranking*: expenses of the insolvent estate incurred during the relevant insolvency proceedings, e.g. any prescribed fees or expenses of the official receiver and expenses of the liquidation or administration (there is a further statutory order of priority setting out the order in which expenses are paid);
- *Third ranking*: ordinary and secondary preferential creditors.

Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (i) contributions to occupational and state pension schemes; (ii) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; (iii) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the insolvency date; and (iv) bank and building deposits eligible for compensation under the Financial Services Compensation Scheme ("**FSCS**") up to the statutory limit. As between one another, ordinary preferential debts rank equally.

Secondary preferential debts rank for payment after the discharge of ordinary preferential debts and include (but are not limited to) (a) bank and building deposits eligible for compensation under the FSCS to the extent that claims exceed the statutory limit, and (b) with respect to all insolvencies commencing on or after 1 December 2020, claims by HM Revenue and Customs in respect of certain taxes as set out in Section 386 and paragraph 15D of Schedule 6 of the IA86 including VAT, PAYE income tax, employee NI contributions and Construction

Industry Scheme deductions, but excluding corporation tax and employers' NI contributions, which are held by the company on behalf of employees and customers. As between one another, secondary preferential debts rank equally;

- *Fourth ranking*: holders of floating charge security to the extent of the realizations from those secured assets, according to the priority of their security. This would include any security interest that was stated to be a fixed charge in the document that created it but which, on a proper interpretation by the court, was rendered a floating charge (see "*Recharacterization of fixed security interests*" below). However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- Fifth ranking:

  - first, provable debts of unsecured creditors (save where such creditors are deferred under Section 74(2(f)) of the IA86) and any secured creditor to the extent of any unsecured shortfall, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. In the case of any unsecured shortfall for secured creditors, the insolvency officeholder can only use realizations from unsecured assets and is not permitted to make a distribution from the Prescribed Part (as defined below) to such secured creditors unless the Prescribed Part is sufficient to first pay out all unsecured creditors or such secured creditors elect to surrender their security;

  - secondly, interest on the company's unsubordinated debts (at the higher of the applicable contractual rate and the rate determined in accordance with the Judgments Act 1838 (currently 8% per annum)) in respect of any period after the commencement of liquidation, or after the commencement of any administration which had been converted into a distributing administration. However, in the case of interest accruing on amounts due under the Notes or the Guarantees, such interest due to the holders of the Notes may, if there are sufficient realizations from the secured assets, be discharged out of such security recoveries; and

  - thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully paid; and

- *Sixth ranking*: shareholders. If, after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation (and provided that such terms do not contravene the IA86).

Prescribed Part

An insolvency practitioner of a company (e.g. an administrator, receiver (including administrative receiver or liquidator will generally be required to ring-fence a certain percentage of the proceeds of enforcement of assets subject to a charge which was a floating charge on its creation for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations and subject to the exception for financial collateral arrangements) (the "**Prescribed Part**"). The amount of the Prescribed Part is 50% of the first £10,000 of net floating charge realizations plus 20% of the remainder over £10,000, subject to an aggregate cap of £800,000 (except where the company's net property is available to be distributed to the holder of a first-ranking floating charge created before April 6, 2020, in which case the maximum aggregate cap is £600,000). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors. The Prescribed Part will not be available for any shortfall claims of secured creditors unless the Prescribed Part is sufficient to first pay out all unsecured creditors.

Avoidance of Transactions

There are circumstances under English insolvency law in which the granting by a company of security and guarantees, or the entry by a company into a transaction can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period from the relevant act. Therefore, if during the specified period an administrator or liquidator is appointed to a company, the administrator or liquidator may challenge the validity of the security or guarantee given, or certain transactions entered into by that company. Further, the administrator or liquidator may elect to assign such a right of action (including their proceeds) to another party who would then be entitled to pursue it. As such, it cannot be certain that, in the event

that the onset of a company's insolvency (as described below) is within any of the requisite time periods, the grant of a security interest or a guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Relevant Time

Whether a transaction at an undervalue was entered into, a preference was given or an invalid floating charge was granted will depend in part on whether that action took place at the "relevant time."

In the case of a preference or a transaction at an undervalue, the relevant time is deemed to be:

(a) if the preference was in favor of a connected person (other than solely by reason of being an employee of the company), and in the case of all transactions at an undervalue, the period of two years ending with the onset of the company's insolvency (as defined below);

(b) if the preference is not given in favor of a connected person, the period of six months ending with the onset of the company's insolvency;

(c) in either case, at a time between the making of an administration application in respect of the company and the making of an administration order on that application; or

(d) in either case, at a time between the filing of a notice of intention to appoint an administrator and the making of an appointment,

provided that where a company enters into a transaction at an undervalue or gives a preference at a time mentioned in (a) or (b) above, that time is not a "relevant time" unless the company was unable to pay its debts or the company became unable to pay its debts as a result of the transaction at an undervalue or the transaction in respect of which the preference was given. If the transaction at an undervalue is entered into in favor of a connected party, there will be a presumption of insolvency and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction or became unable to do so as a consequence of the transaction.

In the case of a floating charge which is being challenged, the relevant time is deemed to be:

(a) if the floating charge is created in favor of a connected person, the period of two years ending with the onset of the company's insolvency (as defined below);

(b) if the charge is not created in favor of a connected person, the period of 12 months ending with the onset of the company's insolvency;

(c) in either case, at a time between the making of an administration application in respect of the company and the making of an administration order on that application; or

(d) in either case, at a time between the filing of a notice of intention to appoint an administrator and the making of an appointment,

provided that at the time the charge was granted the company was unable to pay its debts or became unable to pay its debts as a consequence of the transaction in respect of which the floating charge was granted.

The date of the onset of insolvency, for the purposes of transactions at an undervalue, preferences and invalid floating charges (as discussed below), depends on the insolvency procedure in question.

In administration, the "onset of insolvency" is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect.

In a compulsory liquidation the "onset of insolvency" is the date the winding up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes a winding up resolution. Where liquidation follows administration, the onset of insolvency will be the same as the initial administration.

Connected persons

If the given transaction at an undervalue, preference, or invalid floating charge has been entered into by the company with a "connected person", then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out below).

A "**connected person**" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue, preferences or invalid floating charges is a party who is: (a) a director of the company; (b) a shadow director; (c) an associate of such director or shadow director; or (d) an associate of the relevant company.

The term "**associate**" is very widely defined; key "**associates**" are defined below (as set out in Section 435 of the IA86).

A party is an associate of an individual if they are: (a) a relative of the individual; (b) the individual's husband, wife or civil partner; (c) a relative of the individual's husband, wife or civil partner; (d) the husband, wife or civil partner of a relative of the individual; or (e) the husband, wife or civil partner of a relative of the individual's husband, wife or civil partner.

A person is an associate of any person with whom he is in partnership and of the husband, wife or civil partner or relative of any individual with whom he is in partnership.

A party is associated with a company if they are employed by that company (and in this case directors of a company are treated as employees of that company). A person is also an associate of any person whom he employs. A company is an associate of another person if that person has control of it or if that person and persons who are his associates together have control of it.

A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company, and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The potential grounds for challenge available under English law that may apply to any security interest or guarantee granted by a company include, without limitation, the following described below.

Transaction at an Undervalue

Under English insolvency law, a liquidator or administrator could apply to the court for an order to set aside a security interest or a guarantee (or grant other relief) where the creation of such security interest or guarantee constituted a transaction at an undervalue under Section 238 of the IA86. A transaction will only be a transaction at an undervalue if at the time of the transaction or as a consequence of the transaction, the company was or became unable to pay its debts (as defined in Section 123 of the IA86).

A transaction may be set aside as a transaction at an undervalue if the company made a gift to a person, if the company received no consideration, or if the company received consideration of significantly less value, in money or money's worth, than the consideration given by such company in return. In any proceedings, it is for the administrator or liquidator to demonstrate that the company was insolvent unless a beneficiary of the transaction was a connected person (see "*Connected Persons*" above), in which case there is a presumption of insolvency and the connected person must demonstrate the solvency of the company in such proceedings. The transaction must also have occurred at the "relevant time" (see "*Relevant Time*" above).

A court will not generally set aside a transaction if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit the company. If the court determines that the transaction was a transaction at an undervalue, the court shall make such order as it thinks fit to restore the company to the position it would have been in had the transaction not been entered into (which may include the setting aside of any security interests or guarantees granted). An order by the court for a transaction at an undervalue may affect the property

of, or impose any obligation on, any person whether or not he is the person with whom the company entered into the transaction, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator of the company, except where that person was a party to the transaction.

Preference

Under the IA86, a liquidator or administrator could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) where the creation of such security interest or such guarantee constituted a preference under Section 239 of the IA86. A transaction will only constitute a preference if at the time of the transaction or as a consequence of the transaction the company was or became unable to pay its debts (as defined in Section 123 of the IA86).

A transaction may constitute a preference if the company does something or has suffered something to be done which (in either case) has the effect of putting a creditor of the company (or an existing surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that thing not been done. For the court to determine a preference, however, it must be shown that the company was influenced by a desire to produce the preferential effect (under Section 239(5) of the IA86). The transaction must also have occurred at a "relevant time" (see "*Relevant Time*" above).

It is for the administrator or liquidator to demonstrate that the company was insolvent at the time and that the company was influenced by a desire to prefer the counterparty to the transaction, unless the beneficiary of the transaction was a connected person (other than solely by reason of being an employee of the company), in which case there is a presumption that the company was influenced by a desire to prefer and the connected person must demonstrate in such proceedings that the company was not so influenced. The desire to prefer requires a positive wish of the company to improve the creditor's position in the event of the company's insolvent liquidation (*Re MC Bacon Ltd (No. 1) [1990] BCLC 324*). A preferential effect for a creditor may be foreseen by the company without being desired. Where a company is influenced only by "proper commercial considerations" there will be no desire to prefer and therefore no voidable preference (*Re MC Bacon*).

If the court determines that the transaction was a preference, the court has very wide powers for restoring the position to what it would have been if that preference had not been given, which could include reducing payments under or setting aside the relevant Note, Guarantees and collateral (although there is certain protection (described below) for a third party who enters into a transaction in good faith and for value). An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not he is the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value, or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the payment is to be in respect of a preference given to that person at a time when he was a creditor of the company.

Transaction Defrauding Creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and the court is satisfied that it was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim that that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by the relevant company's liquidator or administrator or (with the leave of the court if the company is in administration or liquidation) any person who claims to be a "victim" of the transaction and, subject to certain conditions, the UK Financial Conduct Authority, the UK Prudential Regulation Authority and the UK Pensions Regulator. There is no statutory time limit under English insolvency legislation within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of, or as a result of, the transaction.

If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances, and will not require

a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum unless such person was a party to the transaction.

Extortionate Credit Transaction

An administrator or a liquidator can apply to court to set aside an extortionate credit transaction. A transaction is extortionate if, having regard to the risk accepted by the person providing the credit, either i) the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or ii) it otherwise grossly contravened ordinary principles of fair dealing. It is presumed, unless otherwise proved by the person extending the credit, that a transaction with respect to which an administrator or liquidator makes an application to set aside an extortionate credit transaction is extortionate.

The court can make an order in relation to extortionate credit transactions entered into by a company up to three years before the day on which a company entered into administration or went into liquidation (which is slightly different to the concept of the onset of insolvency used in relation to transactions at an undervalue and preferences). That order may set aside, either in whole or in part, any obligation created by the transaction (which could include obligations of sureties). It may also vary the terms of the transaction or the terms of any security for the purposes of the transaction. The court may require any party to the transaction to repay to the liquidator or administrator sums already paid under the transaction and it may order the surrender of any security held for the purpose of the transaction. It should be noted that there are no provisions for the protection of third parties who acquire interests in the extortionate credit transaction (e.g. assignees of the benefit of the transaction from the person who provided credit under it).

Invalid Floating Charges

The IA86 provides that, in certain circumstances, a floating charge granted by a company during the "relevant time" (see "*Relevant Time*" above) may be invalid in whole or in part if certain conditions are met. Nevertheless, even if a floating charge is prima facie invalid, it will be valid to the extent of the aggregate of:

(a) the value of so much of the consideration for the creation of the charge as consists of money paid, or goods or services supplied, to the company at the same time as, or after, the creation of the charge;

(b) the value of so much of that consideration as consists of the discharge or reduction, at the same time as, or after, the creation of the charge, of any debt of the company; and

(c) interest on any such amount,

the "**Consideration**".

An administrator or liquidator (as applicable) does not need to apply to court for an order declaring that a floating charge is invalid by operation of law. Any floating charge created during the relevant time period is automatically invalid, except to the extent of the value of the Consideration.

However, the power to avoid a floating charge under Section 245 of the IA86 is disapplied in respect of a floating charge created or otherwise arising under a security financial collateral arrangement (as defined in the Financial Collateral Regulations).If a floating charge is held to be wholly invalid, then it will not be possible for the holder of that charge to appoint an administrator out-of-court or through the less onerous in-court route for a holder of a qualifying floating charge in respect of the company's property or (if the holder would otherwise have been entitled to appoint an administrative receiver but for the floating charge being held invalid), to appoint an administrative receiver.

Security over shares

English law security over the shares in the capital of an English company commonly takes the form of an equitable charge rather than a legal charge. An equitable charge arises where a chargor creates an encumbrance over the property in favor of the chargee but the chargor retains legal title to the property. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

The validity of share security and the ability of secured parties to enforce security interests over shares may additionally be affected by a failure of the charging company or related parties or (in certain circumstances) the

secured parties to comply within the relevant timeframes with the disclosure and notification obligations under English company statutes in respect of persons with significant control and relevant legal entities.

Security over Bank Accounts

With respect to any English law charges over cash deposits granted by a company over any of its bank accounts (each an "**Account Charge**"), the banks with which some of those accounts are held (each an "**Account Bank**") may have reserved their right at any time (at least prior to them being notified of a crystallisation event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with the chargor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will typically be subject to the relevant Account Bank's netting and set-off rights with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as typically would occur on enforcement or the occurrence of certain insolvency events with respect to the chargor), and the Account Bank has been formally notified of that fact, the collateral will not be subject to the relevant Account Bank's contractual set-off rights with respect to claims incurred by the Account Bank and/or the chargor after notice of crystallization (except where the Account Charge is expressed to be over the chargor's rights in relation to its bank accounts after the exercise of, and subject to, the Account Bank's set-off rights).

Limitations on enforcement

The grant of a guarantee or security by an English company in respect of the obligations of another company must satisfy certain legal requirements. Among other requirements, such a transaction must be allowed by the respective company's articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee and/or security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with an English company in good faith; however, the relevant legislation is not without difficulties in its interpretation.

Further, corporate benefit must be established for the company in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director of a company must act in the way that he considers, in good faith, would be most likely to promote the success of that company for the benefit of its members as a whole. If the directors authorize the company's entry into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. Section 172(3) of the Companies Act 2006 additionally provides that in certain circumstances, the directors need to consider or act in the interests of the creditors of the company. While the statutory provisions do not specify the circumstances in which the requirement to consider or act in the interests of the creditors of the company arises, the UK Supreme Court has held that when an English company is insolvent or bordering on insolvency, its directors owe a duty to the company to consider the interests of the company's creditors as a whole and give them proper weight and it is likely that if an insolvent liquidation or administration is inevitable,those interests will become paramount.

Security and/or guarantees granted by an English company may also be subject to potential limitations to the extent they would result in unlawful financial assistance contrary to English company law.

Security Registration

Under English company law, subject to limited exceptions, a certified copy of any security document pursuant to which a charging company incorporated in England and Wales grants security (including security governed by law other than English law) (together with prescribed particulars of the relevant security) should be delivered to the Registrar of Companies for registration within 21 days after the date of creation of the relevant security interest (the "**Registration Period**"). While the Companies Act 2006 does not impose an obligation as such to register security, security will be deemed to be void against a liquidator, administrator and any creditor of the applicable charging company if not registered within the Registration Period. When security becomes so void, the debt which was intended to be secured by such security is deemed to become immediately payable. In limited circumstances, it may be possible to apply to the English courts for an order to rectify a failure to register and allow the relevant charge to be registered after the Registration Period has expired.

The Financial Collateral Regulations exempt certain charges over financial collateral from registration with the Registrar of Companies. Security created by overseas companies over assets in England and Wales similarly does not need to be registered with the Registrar of Companies, although registration with applicable asset registries may still be required depending on the nature of the collateral assets.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, any proofs of debt of a company payable in a currency other than pounds sterling must be converted by the officeholder into pounds sterling by reference to the exchange rates prevailing at the date when the company went into liquidation or administration (or where a liquidation was immediately preceded by an administration, the rate prevailing on the date that the company entered administration). If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date on which such English Obligor goes into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled. Any losses resulting from currency fluctuations are not recoverable from the insolvent estate.

Recharacterization of fixed security interests

There is a possibility that a court could find that security interests expressed to be fixed charges created by the security documents governed by English law properly take effect as floating charges – this is because the description given to them as fixed charges within the security document is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the company's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the holder of the security, in practice. Where a company is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge. If a fixed security interest is recharacterized as a floating charge, this may, among other things, adversely impact the returns of the holder of the charge in an administration, liquidation or administrative receivership (see "**Priority of Claims**" above) and prevent the holder relying on that charge to appoint a receiver.

Financial Collateral Regulations

The Financial Collateral Regulations apply in respect of certain security interests granted over, and certain title transfer arrangements in, "financial collateral" (together financial collateral arrangements). Financial collateral is defined in the Financial Collateral Regulations as cash, financial instruments or credit claims. The definition of "financial instruments" includes shares in companies and debt instruments such as bonds and claims under loans made by credit institutions.

If an arrangement qualifies as a financial collateral arrangement under the Financial Collateral Regulations certain modifications or exclusions to English insolvency law apply which remove restrictions on enforcing security, disapply provisions relating to the order of payment of creditors and prohibit avoidance by the insolvency officeholder of the financial collateral arrangement in certain situations. For example, security interests to which the Financial Collateral Regulations apply are not required to be registered as a registrable charge at Companies House, and are not subject to the statutory moratorium on enforcement of security that would otherwise apply when a company enters administration. Furthermore, the Financial Collateral Regulations enable the creditor holding the security interest to appropriate (i.e. to become the absolute legal owner of) the financial collateral to which the security interests applies without the need for a court order provided the security interests have become enforceable in accordance with their terms and provided the creditor has been granted the power to appropriate in the relevant contract.

Corporate Insolvency and Governance Act 2020

On June 26, 2020, the Corporate Insolvency and Governance Act 2020 (as amended, "**CIGA**") came into force. CIGA introduced some additional restructuring and insolvency procedures, including the Restructuring Plan (described below).

(a) *Moratorium*

The CIGA introduced a moratorium procedure, which is available under Part A1 of the IA86 to certain eligible legal entities (subject to exclusions in Schedule ZA1 of the IA86), including companies liable to be wound up under the IA86, subject to certain exclusions and meeting requisite conditions. The moratorium's initial duration will be for a period of 20 business days beginning with the business day after the day on which the moratorium comes into force, but this can be extended (i) by the directors without creditor consent, for a period of a further

20 business days, (ii) with creditor consent, for a total period of a year (including the initial 20 business day period), and (iii) by the court, for an unlimited period.

To obtain the benefit of the moratorium, a director of the debtor must (provided that the company is not an overseas company or already subject to a winding up petition, in which case the directors must apply to the court for an order for the moratorium) file certain documents at court to certify that, in their view, the debtor is or is likely to become unable to pay its debts and a licensed insolvency practitioner acting as proposed monitor must certify that, in their view, a moratorium would be likely to result in the rescue of the company as a going concern. Despite the existence of a "payment holiday" in respect of certain pre-moratorium debts which exists throughout the moratorium, the company will still be expected to pay certain debts incurred pre-moratorium (known as "**priority pre-moratorium debts**") and certain debts incurred and falling due while the moratorium is in force , including the costs of goods and services, employees and rent, together with all amounts falling due under loan agreements and other financial services contracts.

The moratorium is not available to a company which on the date of filing (i) is a party to an agreement which is or forms part of a capital market arrangement, (ii) has incurred or, when the agreement was entered into was expected to incur, a debt of at least £10 million under the arrangement (at any time during the life of the capital market arrangement) and (iii) the arrangement involves the issue of a capital market investment. The definitions of "**capital market arrangement**" and "**capital market investment**" in Schedule ZA1 of the IA86 are broad and are such that, in general terms, any company which is a party to an arrangement which involves at least £10 million of debt, the granting of security to a trustee, and the issue of a rated, listed or traded debt instrument, is excluded from being eligible for a moratorium. The Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible.

(b) *Enforcement of Ipso Facto Clauses Prohibited*

CIGA introduced a restriction on the operation and exercise of ipso facto clauses in order to preserve the continuity of the provision of goods and services to companies undergoing certain insolvency procedures. In general terms, ipso facto clauses are provisions in contracts for the supply of goods or services which allow suppliers to terminate the contract or supply or take any other action, or provide for the automatic termination of the contract or supply or the occurrence of any other event, upon the counterparty entering an insolvency procedure.

Under the IA86 as amended by CIGA, any provision of a contract for the supply of goods or services which allows for the termination of that contract or the supply, or for the supplier to do "any other thing", because the counterparty becomes subject to a relevant insolvency procedure, ceases to apply once the counterparty becomes subject to that procedure. For this purpose, a relevant insolvency procedure includes administration, liquidation and the restructuring plan procedure, but it does not include a scheme of arrangement. The supplier may terminate the contract if the court is satisfied that the continuation of the contract would cause the supplier hardship and grants permission for the termination of the contract or with the consent of the company or (if the company is in administration or liquidation) with the consent of the relevant office-holder.

The restrictions do not apply to a range of contracts involving financial services or entities involved in the provision of financial services, including contracts for the provision of lending, financial leasing or guarantees, contracts for the purchase, sale or loan of securities or commodities and agreements which are, or form part of, arrangements involving the issue of a capital market investment (as defined in the IA86).

(c) *Restructuring Plan*

CIGA introduced a new type of restructuring procedure (a "**Restructuring Plan**"), which is available under Part 26A of the Companies Act and which is similar to a Scheme under Part 26 of the Companies Act but with a few key differences, including an ability for a cross-class cramdown to bind dissenting stakeholders to the proposed Restructuring Plan.

Like a Scheme, a Restructuring Plan is available to any company that is liable to be wound up under the IA86, excluding certain financial market participants and any other company excluded by the Secretary of State. The company must: (i) have encountered, or be likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern; and (ii) have proposed a compromise or arrangement with its creditors or members (or any class of them) for the purpose of eliminating, reducing, preventing or mitigating the effect of such financial difficulties. There is no financial eligibility criteria other than the financial difficulties test mentioned in (i) above, thereby making the Restructuring Plan procedure available to both solvent and insolvent companies (in the latter case, the Restructuring Plan would be proposed by the incumbent insolvency practitioner). Where a convening application is made within 12 weeks after the end of the new standalone moratorium (see "*Moratorium*" above), any creditors in respect of "moratorium debts" and "priority pre-

moratorium debts" may not participate in the vote and may not be compromised under the Restructuring Plan without their consent.

The overall Restructuring Plan process closely resembles that for a Scheme. A Restructuring Plan may be proposed by the company, any creditor or member of the company or any liquidator or administrator appointed to the company. The consent of the company (or its insolvency officeholder) is required if the plan is proposed by a creditor or member. As an initial step, the proponent will seek leave of the court to convene meetings of the relevant classes of its creditors and / or members (as applicable). At the convening hearing, the court will examine the classes of stakeholders and whether it has jurisdiction to make judgment on the proposed restructuring plan. Once the court is satisfied it has jurisdiction and with the allocation of classes, it will order a meeting of each class of creditors/members to vote on the proposed restructuring plan: details of such meeting(s) must be sent to every stakeholder in each class, accompanied by a statement explaining the effect of the plan and state any material interests of the directors of the company and the effect on those interests of the plan insofar as it is different from the effects on the like interests of other persons. Creditors and members whose rights against the company would be affected by the Restructuring Plan must be permitted to participate in a convening meeting ordered by the court, provided that this will not apply in relation to a class of creditors or members of the company if the court is satisfied that none of the members of that class has a genuine economic interest in the company, in other words, if that class is "out of the money" (which the court will determine by reference to the "relevant alternative" being whatever the court considers would be most likely to occur in relation to the company if the Restructuring Plan is not sanctioned).

The Restructuring Plan will be deemed approved by a class if a number representing at least 75% in value of the class of creditors or class of members (as applicable) present and voting (in person or by proxy) vote in favor of it. In contrast to a Scheme, there is no requirement that a majority in number must also vote in favor of the Restructuring Plan.

Following the creditors' and / or members' meeting(s), a sanction hearing will be held. Here, the court will consider if the necessary statutory conditions have been met and may also consider whether the restructuring plan is just and equitable and decide whether to sanction the Restructuring Plan. Although there are no provisions which expressly set out how the court's discretion is to be exercised, the court will draw on the principles applicable to Schemes.The court has discretion to sanction a Restructuring Plan, even if one or more classes of creditors or members did not vote in favor of it, thereby "cramming-down" dissenting classes, if: (i) the court is satisfied that none of the members of the dissenting class would be any worse off under the Restructuring Plan than they would be in the event of the "relevant alternative" (i.e. what the court considers the most likely to occur in relation to the company if the Restructuring Plan were not sanctioned); and (ii) the Restructuring Plan has been approved by a number representing at least 75% in value of a class of creditors or members (as applicable), present and voting, who would receive a payment, or have a genuine economic interest in the company, in the event of the relevant alternative referred to in (i) above. A Restructuring Plan sanctioned by the court will be binding on all affected parties, whether they initially voted in favor of it or not.

As with a Scheme, the commencement of a Restructuring Plan process does not automatically trigger a moratorium of claims or proceedings.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Milbank LLP, as to matters of United States federal, New York and English law and by Gómez-Acebo & Pombo Abogados, S.L.P., as to matters of Spanish law.

Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Allen Overy Shearman Sterling LLP, as to matters of United States federal, New York and English law and by Allen Overy Shearman Sterling, as to matters of Spanish law.

REPORTING ACCOUNTANTS

The historical financial information of Vodafone Spain and its subsidiaries as at and for each of the years ended March 31, 2021, March 31, 2022 and March 31, 2023 have been reported on by Ernst & Young LLP, as reporting accountants, as stated in its report.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this Offering Memorandum and any related amendments or supplements to this Offering Memorandum. Each person receiving this Offering Memorandum and any related amendments or supplements to the Offering Memorandum acknowledges that:

- such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- except as provided pursuant to above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes are "**restricted securities**" within the meaning of the Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Issuer at 8 Sackville Street, London, United Kingdom, W1S 3DG.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See "*Description of the Notes— Certain Covenants—Reports*."

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer and the Company are organized under the laws of England and Wales, whereas Zegona Bidco and its subsidiaries are companies organized under the laws of Spain. Many of the directors and executive officers of the Issuer, the Company and its subsidiaries are nonresidents of the United States and a substantial portion of the assets of such persons are located outside the United States. As a consequence, you may not be able to effect service of process on these non-U.S. resident directors and officers in the United States or to enforce judgments against them outside of the United States, including judgments of the U.S. courts predicated upon the civil liability provisions of the U.S. securities laws.

Spain

Zegona Bidco and its subsidiaries are incorporated under the laws of Spain. All of the directors and executive officers of Zegona Bidco and its subsidiaries live outside the United States. In addition, all or a substantial portion of the assets of these persons, Zegona Bidco and its subsidiaries are located outside the United States. As a result, it may not be possible for you to serve process on such persons, Zegona Bidco or its subsidiaries in the United States or to enforce judgments obtained in U.S. courts against them based on civil liability provisions of the securities laws of the United States.

We will appoint an agent upon which process may be served in any action that may be instituted in any United States federal or state court having subject matter jurisdiction in the Borough of Manhattan, The City of New York, New York, arising out of or based upon the Indenture governing the Notes or the Notes themselves. See "*Description of the Notes*."

A final judgment obtained against us outside of Spain (and, in particular, in the United States), other than a country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council, would be recognized and enforced by the courts of Spain (unless such judgment contravenes principles of Spanish public policy) pursuant to the following regimes:

- according to the provisions of any applicable treaty (there being none currently in existence between Spain and the United States for these purposes); and
- in the absence of any such treaty, the judgment would be enforced in Spain if it satisfies all of the following requirements in compliance with and subject to Article 523 of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero de Enjuiciamiento Civil*) and subject to Act 29/2015, of July 30, on International Legal Cooperation in Civil Matters (*Ley 29/2015, de 30 de julio, de Cooperación Jurídica Internacional en materia civil*) (the "**Act on International Legal Cooperation in Civil Matters**"):
- such U.S. judgment is final and conclusive (*firme*);
- such U.S. judgment was rendered by a court having jurisdiction over the matter since the dispute is clearly connected to the United States and the choice of the court is not fraudulent;
- such U.S. judgment does not contravene Spanish public policy rules (*orden público*) or mandatory provisions, and the obligation to be fulfilled is legal in Spain;
- the documentation prepared for the purposes of requesting the enforcement is accompanied by a literal, authentic, sworn Spanish translation;
- the copy of the judgment presented before the Spanish Court is duly apostilled;
- there is not a pending previous proceedings between the same parties and in relation to the same issues in Spain;
- there is no material contradiction or incompatibility of such U.S. judgment with a judgment rendered or judicial proceedings outstanding in Spain, or a judgment previously rendered in another country when this last judgment meets the requirements to be eventually recognized in Spain;
- where rendering the judgment, the courts rendering it did not infringe an exclusive ground of jurisdiction provided for under Spanish law or based their jurisdiction on exorbitant grounds and the choice of court is not fraudulent;
- the rights of defense of the defendant were protected where rendering the judgment, including, but not limited to, a proper service of process carried out with sufficient time for the defendant to prepare its defense and the U.S. judgment was not rendered by default (i.e. without appearance or without the possibility to appear for

the defendant); and

- although reciprocity is not a legal requirement, if it were proven that the U.S. jurisdiction in which the judgment was obtained does not recognize judgments issued by Spanish courts on a general basis, then the Spanish courts could be compelled to deny the recognition of the U.S. judgment in Spain.

It is important to note that Act on International Legal Cooperation in Civil Matters expressly prohibits that a foreign judgment is reviewed as to its substance (*revision del fondo*) by the Spanish competent court.

The United States and Spain are not party to any treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters. Accordingly, any party wishing to have a U.S. ruling recognized or enforced in Spain must file an application seeking declaration of enforceability of the U.S. resolution (*exequatur*) with the relevant Spanish Court of First Instance (*Juzgado de Primera Instancia*) or Commercial Court (*Juzgado de lo Mercantil*).

The Spanish courts may express any such order in a currency other than euro in respect of the amount due and payable by Zegona Bidco or its subsidiaries, but in case of enforcement in Spain, the court costs (*costas judiciales*) and interest will be paid in euros. Any judgment obtained against Zegona Bidco or its subsidiaries in any country bound by the provisions of EU Regulation 1215/2012 of the European Parliament and of the Council would be recognized and enforced in accordance with the terms set forth thereby.

The enforcement of any judgment in Spain entails, among others, the following actions and costs:

- translation fees for documents in a language other than Spanish, which must be accompanied by a sworn translation into Spanish (translator's fees will be payable);
- certain professional fees for the verification of the legal representative of a party litigating in Spain, (if needed);
- payment of certain court costs and fees;
- the procedural acts of a party litigating in Spain must be directed by an attorney at law and the party must be represented by a court agent (*procurador*); and
- the contents and validity of foreign law must be evidenced to the Spanish courts.

Moreover, please note that Spanish civil proceedings rules cannot be amended by agreement of the parties and will, therefore, prevail notwithstanding any provision to the contrary in the Notes.

Notwithstanding the parties' choice of foreign jurisdiction, the Spanish courts may in certain circumstances, including where considerations of Spanish public policy require it, take jurisdiction or grant ancillary relief in relation to proceedings commenced in a foreign court (including the chosen court).

If an original action is brought in Spain, Spanish courts may refuse to apply the designated law if its application contravenes Spanish public policy. Pursuant to Article 54 of the current Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*), the parties to an agreement are entitled to clearly agree on their submission to a particular judge (*juzgado*) or court (*tribunal*) provided that, under the Spanish Civil Procedure Act and the Spanish Judicial Act (*Ley 6/1985, de 1 de Julio, Orgánica del Poder Judicial*), the relevant judge or court is competent to solve the relevant dispute); therefore such article does not cover the validity of non-exclusive jurisdiction clauses, at least for conflicts between different Spanish courts.

England and Wales

The United States and the United Kingdom currently do not have a treaty between them providing for the reciprocal recognition and enforcement of judgments (as opposed to arbitration awards) in civil and commercial matters. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, fresh proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, the English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is described below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it and there is no other compelling reason why the matter should be disposed of a trial) if, among other things:

- the U.S. court had competent jurisdiction over the original proceedings at the time when proceedings were issued according to English conflict of laws principles and rules of private international law as assessed by

the English court;

- the U.S. judgment is final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and is for an ascertainable and definite sum of money;
- the U.S. judgment is not for a sum payable in respect of taxes, or other charges of a like nature or in respect of a penalty or fine or otherwise based on a U.S. law that an English court considers to relate to penal, revenue or other public law;
- the U.S. judgment does not contravene English public policy;
- the U.S. judgment has not been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained by the person in whose favor the judgment is given or is not otherwise specified in Section 5 of the Protection of Trading Interests Act 1980 (or is on a claim for contribution in respect of either such damages) or is based on measures designated by the Secretary of State under Section 1 of this statute;
- the U.S. judgment has not been obtained by fraud or in breach of English principles of natural or substantial justice, the principles of the European Convention on Human Rights or English law, including the Human Rights Act 1998 (or any subordinate legislation made thereunder, to the extent applicable);
- the U.S. judgment is not inconsistent with an earlier judgment of an English or another court whose judgment is entitled to recognition in England and Wales or conflicts with an earlier judgment of such court in respect of the same matter involving the same parties;
- the English enforcement proceedings are commenced within the relevant limitation period; and
- the U.S. judgment was not obtained contrary to an agreement for the settlement of disputes under which the dispute in question was to be settled otherwise than by proceedings in a United States court except with the agreement of the relevant parties or the relevant parties' subsequent submission to the jurisdiction of the court.

Summary judgment is a procedure by which the English court can dispose of all or part of a claim without proceeding to a full trial.

There is doubt as to the enforceability in England and Wales of U.S. judgments in respect of civil judgments predicated purely on U.S. securities laws, either in original actions or in actions for enforcement of judgments of U.S. courts.

Only subject to the foregoing may investors be able to enforce in England judgments that have been obtained from U.S. federal or state courts. Notwithstanding the preceding, we cannot assure you that those judgments will be recognized or be enforceable in England and Wales. Further, it may not be possible to obtain a judgment in England and Wales or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any setoff or counterclaim against the judgment creditor, or an appeal is pending against the U.S. judgment. Finally, note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England and Wales unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

No account has been taken in the provision of this summary of the future exercise of powers by the UK government pursuant to Section 5(4) of the Protection of Trading Interests Act 1980 nor any change in law resulting from the withdrawal of the UK from the E.U.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on its Euro MTF Market. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published on the website of the Luxembourg Stock Exchange (www.luxse.com).

A copy of the Offering Memorandum will be made available on the website of the Luxembourg Stock Exchange: luxse.com. Copies of the following documents may be obtained electronically or inspected in physical form during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and the Paying Agent so long as the Notes remain listed on the official list of the Luxembourg Stock Exchange and admitted to trading on its Euro MTF Market and the rules and regulations of such exchange require:

- organizational documents of the Issuer and the Guarantors;
- the annual reports and quarterly reports and consolidated annual accounts required to be provided under "*Description of the Notes—Certain Covenants—Reports*";
- the Indenture (including the Notes Guarantees);
- ICA;
- security documents in relation to the Collateral.

The Issuer will maintain the Transfer Agent having its address at 3 Second Street, Suite 206, Jersey City, New Jersey 07311, United States of America.

The Issuer reserves the right to vary such appointment and will publish notice of such change of appointment on the official website of the Luxembourg Stock Exchange (www.luxse.com).

Pursuant to Part 1, Chapter 5, Item 502 of the rules and regulations of the Luxembourg Stock Exchange, the Notes will be freely transferable on the Luxembourg Stock Exchange, for so long as the Notes are listed in the Official List of the Luxembourg Stock Exchange.

Clearing Information

Euro Notes

The Euro Notes sold pursuant to Regulation S and to Rule 144A have been accepted for clearance through the facilities of Clearstream and Euroclear and have been assigned the common codes and ISINs set out in the table below.

	Common Code	ISIN
Rule 144A	285940621	XS2859406212
Regulation S	285940613	XS2859406139

Dollar Notes

The Dollar Notes sold pursuant to Regulation S and to Rule 144A have been accepted for clearance through the facilities of DTC and have been assigned the CUSIPs and ISINs set out in the table below.

	Common Code	CUSIP	ISIN
Rule 144A	286289606	98927U AA5	US98927UAA51
Regulation S	286289614	G76098 AA3	USG76098AA37

Legal Information

The Issuer is a public limited company, organized under the laws of England and Wales on April 26, 2024 with LEI Code 254900B3KC1SS7T2TE92.

The issuance of the Notes has been duly authorized by resolutions of the Board of Directors of the Issuer dated July 8, 2024.

The Issuer will not publish any financial statements but its financial condition and results of operations will be consolidated in the consolidated financial statements of the Company, which will include Zegona Bidco, S.L.U., Zegona Finance LLC and the other Guarantors in its scope of consolidation.

Management

For details on the management of the Group, please see "*Management*."

Guarantors

Details of the Guarantors are set out in the following table:

Name	Date of Incorporation	Address of Registered Office	Company/ Business Number	Primary Activity
Zegona Holdco Limited	May 3, 2016	8 Sackville Street, W1S 3DG London, England (United Kingdom).	UK Companies House; Company number 10159604.	Holding company.
Zegona Bidco, S.L.U.	August 10, 2023	Avenida del Doctor Arce, 14, 28002 Madrid (Spain).	Commercial Registry of Madrid; Volume 45,651, Page 60, Sheet number M-802,704.	Holding company.
Zegona Finance LLC	May 22, 2024	251 Little Falls Drive, Wilmington, 19808 (State of Delaware)	State of Delaware, Secretary of State, 3731882	Telecommunications.
Vodafone Holdings Europe, S.L.U.	October 30, 2000	Avenida de América 115, 28042 Madrid (Spain)	Commercial Registry of Madrid, B62399563	Holding company.
Vodafone España S.A.U.	May 27, 1994	Avenida de América, 115, 28042 Madrid (Spain).	Commercial Registry of Madrid; Volume 8,156, Page 61, Sheet number M-131,612.	Telecommunications.
Vodafone ONO, S.A.U.	February 9, 2000	Avenida de América, 115, 28042 Madrid (Spain).	Commercial Registry of Madrid; Volume 22,913, Page 120, Sheet number M-410,376.	Television and sound broadcasting, telephone and internet access services.
Vodafone Servicios, S.L.U.	April 20, 2016	Avenida de América, 115, 28042 Madrid (Spain).	Commercial Registry of Madrid; Volume 34,679, Page 55, Sheet number M-623,775.	Services complementary to those performed by other group entities.
Vodafone Energía S.L.U.	June 8, 2021	Avenida de América, 115, 28042 Madrid (Spain).	Commercial Registry of Madrid; Volume 42,031, Page 160, Sheet number M-744,263.	Production, commercialisation and sale and purchase of energy products.

VTOR America, S.A.U.	June 26, 2024	Avenida de América, 115, 28042 Madrid (Spain).	Commercial Registry of Madrid; Volume 0, Page 0, Sheet number M-825941, 1st Entry.	Financing company.

The Notes Guarantees will be subject to certain significant contractual and legal limitations or subject to certain defenses under applicable law. By virtue of these limitations and defenses, a Guarantor's obligation under its Notes Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Notes Guarantee. See "*Limitations on the Validity and Enforceability of the Notes Guarantees and Security Interests and Certain Insolvency Law Considerations*" and "*Risk Factors—Risks Related to the Notes*."

Business Year

The business year for the Vodafone Spain Group begins on the first day of April and ends on the last day of March of each year.

Reporting Accountants

The reporting accountants of the Vodafone Spain Group is Ernst & Young LLP, having its registered office at 1 More London Place London SE1 2AF United Kingdom and registered under the laws of England and Wales.

Offering Memorandum

As of the date of this Offering Memorandum, the Vodafone Spain Group's most recent unaudited consolidated interim annual accounts available were as of and for the eleven months ended February 29, 2024. Except as disclosed in this Offering Memorandum:

- there has been no significant or material adverse change in the financial position and prospects of the Issuer, the Company and Zegona Bidco since their respective date of incorporation; and
- there has been no significant or material adverse change in the financial position of the Vodafone Spain Group since February 29, 2024.

Except as disclosed in this Offering Memorandum, the Issuer, the Initial Guarantors and the Vodafone Spain Group are not and have not been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that, individually or in the aggregate, are material in the context of the issuance of the Notes and may have, or have had during the twelve months preceding the date of this Offering Memorandum, a significant effect on the Vodafone Spain Group's financial position or profitability. So far as we are aware, having made all reasonable inquiries, there are no such litigation, arbitration or governmental proceedings pending or threatened, except as disclosed in this Offering Memorandum.

The Issuer accepts responsibility for the information contained in this Offering Memorandum. To the best of the Issuer's knowledge and belief, the information contained in this Offering Memorandum with regard to the Issuer is in accordance with the facts and does not omit anything likely to affect the import of such information. However, the information set forth under the headings "*Summary*," "*Industry, Competition and Market Overview*," "*Description of Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While the Issuer accepts responsibility for the accurate extraction and summarization of such information and data, the Issuer has not independently verified the accuracy of such information and data and does not accept further responsibility in respect thereof.

The Trustee

The Trustee is GLAS Trust Company LLC and its address is 3 Second Street, Suite 206, Jersey City, New Jersey 07311, United States of America, United Kingdom. The Trustee will be acting in its capacity of trustee for the holders of the Notes and will provide such services to such holders of the Notes as described in the Indenture.

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

For the 11-months ended 29 February 2024

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

	Notes	For the 11-months ended Unaudited 29 February 2024 €000	 Unaudited 28 February 2023 €000
Revenue	2	**3,536,049**	**3,573,312**
Supplies		(955,872)	(1,004,847)
Corporate costs	7	(260,028)	(253,992)
Other expenses		(936,734)	(894,355)
Depreciation, amortisation and impairment losses		(1,421,913)	(1,510,200)
Net credit losses on financial assets		(115,557)	(68,728)
Operating loss		**(154,055)**	**(158,810)**
Finance income		10,849	15,775
Finance costs		(219,196)	(101,345)
Loss for the period before income tax		**(362,402)**	**(244,380)**
Income tax credit		1,325	169
Loss for the period attributable to equity holders of the parent		**(361,077)**	**(244,211)**
Loss per share	4		
– Basic		(0.40)	(0.27)
– Diluted		(0.40)	(0.27)

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 29 FEBRUARY 2024

	Notes	Unaudited As at 29 February 2024 €000	Audited As at 31 March 2023 €000
Assets			
Non-current assets			
Intangible assets	8	1,156,612	1,223,487
Property, plant and equipment	9	4,258,119	4,640,611
Other investments		1,356	1,913
Trade and other receivables		172,025	145,452
		5,588,112	**6,011,463**
Current assets			
Inventory		44,971	34,370
Taxation recoverable		141	371
Trade and other receivables		822,414	1,042,427
Cash and cash equivalents		5,410	4,479
		872,936	**1,081,647**
Total assets		**6,461,048**	**7,093,110**
Equity and Liabilities			
Equity			
Share capital	4	903,194	903,194
Share-based payment reserve		(12,043)	(13,745)
Accumulated losses		(415,586)	(53,670)
Total equity attributable to equity holders of the parent		**475,565**	**835,779**
Non-current liabilities			
Borrowings		4,208,165	4,265,488
Deferred tax liabilities		2,680	3,240
Provisions		160,659	149,633
Trade and other payables		43,660	47,506
		4,415,164	**4,465,867**
Current liabilities			
Borrowings		367,440	366,985
Provisions		22,034	29,316
Trade and other payables		1,180,845	1,395,163
		1,570,319	**1,791,464**
Total equity and liabilities		**6,461,048**	**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)**	**144,558**	**1,036,283**
Loss for the period attributable to equity holders of the parent	-	-	(244,211)	(244,211)
OCI	-	-	6,638	6,638
Share-based payments [1]		(2,545)	-	(2,545)
Balance at 28 February 2023	**903,194**	**(14,014)**	**(93,015)**	**796,165**

	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	-	-	(361,077)	(361,077)
OCI	-	-	(839)	(839)
Share-based payments [1]	-	1,702	-	1,702
Balance at 29 February 2024	**903,194**	**(12,043)**	**(415,586)**	**475,565**

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 for the year ended 31 March 2023, 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 11-months ended Unaudited 29 February 2024 €000	 Unaudited 28 February 2023 €000
Inflow from operating activities	**5**	**1,001,049**	**1,044,368**
Cash outflows from investing activities		**(663,996)**	**(733,339)**
Purchase of intangible assets		(366,089)	(335,364)
Purchase of property, plant and equipment		(408,849)	(500,883)
Purchase of investments		(890)	(64)
Disposal of property, plant and equipment and intangible assets		6,845	3,568
Disposal of investments		1,451	2,573
Net amounts received on intercompany loan receivables		103,536	96,831
Cash outflows from financing activities		**(336,122)**	**(310,924)**
Repayment of borrowings		(8,750)	(8,549)
Repayment of leases		(442,629)	(450,275)
Settlement of share-based payment by parent company		(3,710)	(6,976)
Net amounts received on intercompany loans		118,967	154,876
Net cash inflow		**931**	**105**
Cash and cash equivalents at beginning of the period		4,479	4,642
Cash and cash equivalents at end of the period		**5,410**	**4,747**

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 agreed to sell the entirety of its Spanish business to Zegona Communications Plc ('the Acquirer') which, following the final approval from Spanish authorities, completed on 31 May 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.

As of 29 February 2024, Vodafone Holdings Europe, S.L.U. is the parent company ('the Parent') of the Vodafone group of companies in Spain (hereinafter the 'Group'). The Acquirer and its subsidiaries, as enlarged by the Group, are henceforth referred to as the "Enlarged Group".

The following financial information sets out in the Condensed Consolidated Interim Historical Financial Information which has been derived from the Spanish business accounting records for the periods ending 29 February 2024 and 28 February 2023.

Basis of preparation

This Condensed Consolidated Interim Historical Financial Information has been prepared for the 11-month period ended 29 February 2024 and 28 February 2023 and has been prepared 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 period 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

Zegona Communications Plc has expressed its continuing financial support to maintain adequate financial resources to the Group to enable the Group to meet its liabilities as and when they become due, should that be necessary, for at least the period to 31 July 2025. Consequently, and following completion of the acquisition on 31 May 2024, after having assessed the cashflow forecasts alongside the financing structure of the Enlarged Group, the Zegona Directors are satisfied the Vodafone Spain Group has the ability to continue as a going concern for the period to 31 July 2025.

The going concern assessment has been performed for the period to 31 July 2025. This assessment reflects completion of the acquisition on 31 May 2024 and that, prior to completion, all loan arrangements with Vodafone Group plc were settled with funds provided by new loan arrangements with Zegona Holdings Limited. Refer to Note 12 for further detail.

The acquisition was funded through a mixture of equity and debt with Zegona Communications Plc issuing shares and entering into debt and equity financing, as follows:

- €300 million (£262 million) in gross proceeds through the Placing of 174,413,535 shares at a price per share of 150 pence;
- €900 million (£785 million) in gross proceeds through the conditional subscription for 523,240,603 shares at 150 pence per share by EJLSHM Funding Limited;
- committed debt financing of €3,900 million which consists of a term loan of €500 million and a corporate bridge facility of €3,400 million;
- €0.5 million (£0.5 million) through a separate offering of shares at 150 pence per share; and
- €500 million Revolving Credit Facility entered into on 31 October 2023.

The bridge loan is for a term of 12 months from 31 May 2024, with two 6-month extension options being available at the discretion of the Zegona Directors. The Zegona Group are in the process of a proposed offering of Euro and Dollar denominated senior notes, alongside a new senior facility agreement which will provide for both a euro-denominated senior term loan facility and a dollar-denominated senior term loan facility, with the proceeds (after settling transaction costs) being used to repay amounts outstanding under the bridge facility. As a result, the Zegona Directors have considered two potential scenarios at the date of this assessment:

- The Zegona Directors have modelled the assessment period under the assumption that the bridge loan is replaced in its entirety as a result of the proposed offering of Euro and Dollar denominated senior notes and the new senior facility agreement, applying the Zegona Group's best estimate of the financing terms.
- Whilst the Zegona Group expects the bridge loan to be replaced in its entirety as a result of the proposed offering of Euro and Dollar denominated senior notes and the new senior facility agreement, in the event that this did not take place, the first 6-month extension option would be activated if required by the Zegona Directors, which is available at their sole discretion. The Zegona Directors' going concern assessment has confirmed that sufficient cash would be available to cover all costs associated with activating this extension, as well as servicing the higher financing costs of the continuing bridge loan under all assessed scenarios.

Basis of preparation (continued)

A financial covenant is attached to the term loan, corporate bridge facility and Revolving Credit Facility, which is first measured on 31 March 2025 and then semi-annually, and the test at 31 March 2025 has been considered as it falls in the going concern assessment period. The Zegona Directors are satisfied the covenant can be met. 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 Enlarged 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 Condensed Consolidated Interim 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 April 2023 to 30 April 2024 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 as included in the debt and equity financing described above undrawn revolving credit facilities of €500m are available to Zegona.
- 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.

The Zegona Directors have assessed the going concern assumptions during the approval of the Condensed Consolidated Interim Historical Financial Information for the eleven-month period ended 29 February 2024. The assessment includes the review of the Enlarged 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 Enlarged Group is able to continue in operation throughout the going concern assessment period. In all plausible scenarios modelled, Vodafone Spain continues to have sufficient liquidity and headroom throughout the going concern period.

The Zegona Directors have also identified a number of mitigating actions that, under severe downside scenarios, the Zegona 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 funds available, the Enlarged Group will continue in operational existence for the period to 31 July 2025. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Condensed Consolidated Interim 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 sales activity tax

Assets related to the overpayment of sales activity tax are only recognised when the reimbursement of these amounts are considered virtually certain. Management does not consider the virtual certain threshold to be met for any years where there are ongoing legal appeals and no cash reimbursement yet received. Further disclosure is included per Note 3 'Taxes'.

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.

Basis of preparation (continued)

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.

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.

1.2 Material accounting policy information 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. Certain amendments to IAS 12 impacting future periods are disclosed in Note 3.

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:

	11-months ended	
	29 February 2024	**28 February 2023**
	€000	**€000**
Service revenue	3,144,559	3,212,676
Equipment revenue	310,581	281,795
Revenue from contracts with customers	**3,455,140**	**3,494,471**
Interest revenue	31,499	24,852
Other revenue	49,410	53,989
Total revenue	**3,536,049**	**3,573,312**

Performance metrics

Non-GAAP measure	Purpose	Definition
Adjusted EBITDA	Adjusted EBITDA and adjusted EBITDAaL 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.

Revenue disaggregation (continued)

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.

	11-months ended	
	29 February 2024	28 February 2023
	€000	€000
Adjusted EBITDA	**1,341,174**	**1,376,669**
Depreciation and gain on disposal of leased assets[1]	(390,638)	(394,487)
Interest on lease liabilities	(51,849)	(28,120)
Adjusted EBITDAaL	**898,687**	**954,062**
Restructuring costs[2]	(47,154)	(14,203)
Interest on lease liabilities	51,849	28,120
Loss on disposal of owned assets	(8,752)	(11,858)
Depreciation owned assets	(587,564)	(666,410)
Amortisation of owned assets	(139,996)	(135,970)
Amortisation of customer-related intangible assets	(280,484)	(312,551)
Bad debt write off	(40,641)	—
Operating loss	**(154,055)**	**(158,810)**
Net financing costs	(208,347)	(85,570)
Loss before taxation	**(362,402)**	**(244,380)**

1 The current period includes a gain on disposal of leased assets of €469 thousand (11-months ended 28 February 2023: €689 thousand).

2 Restructuring costs include an impairment charge of €18,855 thousand (Nil for the 11-months ended 28 February 2023) relating to the reassessment of the useful lives of certain leased assets and €3,872 thousand (Nil for the 11-months ended 28 February 2023) relating to the reassessment of the useful lives of certain owned assets as part of the Group's restructuring plan.

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 is recognised based on management's estimate of the annual income tax rate expected for the full financial year. The resulting tax expense or credit in the interim periods reflects the tax group's net position after offsetting the tax accrued on the taxable profits and taxable losses of individual entities within the tax group.

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

The Group has applied the exception from recognising and disclosing information about deferred taxes arising from the jurisdictional implementation of the Pillar Two rules. The impact of the rules on the tax position of the Group is under review but is not expected to be material.

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.

Taxes (continued)

Sales activity tax

The Group is engaged in ongoing legal disputes regarding taxation levied upon mobile telephony operators. In October 2023, a favourable resolution was issued by the courts to Vodafone Spain in relation to Vodafone's claim for the 2012 calendar year relating to refund requests of amounts previously paid by the Group.

As per 29 February 2024, the remaining years with ongoing legal disputes amounting to €186,291 thousand in relation to overpaid sales activity tax and associated interest of €42,707 thousand has not been recognised as the Group does not consider that the required level of certainty of receipt of this amount has been met.

Since the balance sheet date, the legal appeals on certain of the open years were dismissed in favour of the Group. In addition, €74.3m in relation to overpaid sales activity tax and associated interest of €20.7m for three pending years has been received in cash since 29 February 2024. The amounts recognised at 29 February 2024 have not been adjusted as these are non-adjusting post-balance sheet events.

Any amounts that the Vodafone Spain Group receives in relation to this historic dispute will be for the benefit of and transferred to Vodafone Group Plc, as set out under the sale and purchase agreement between the Acquirer and Vodafone Group Plc.

4. Loss per share

Basic loss per share is the amount of losses generated for the 11-month period attributable to equity holders divided by the weighted average number of shares in issue during the period.

	11-months ended	
	29 February 2024	**28 February 2023**
	€000	**€000**
Loss for basic and diluted losses per share	**(361,077)**	**(244,211)**
	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	(0.40)	(0.27)

The share capital of Vodafone Holdings Europe, S.L.U is represented by 903,194,000 (2023: 903,194,000) fully subscribed and paid up ordinary registered shares of €1 (2023: €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.

	11-months ended	
	29 February 2024	28 February 2023
	€000	€000
Loss for the period attributable to equity holders of the parent	**(361,077)**	**(244,211)**
Financing income	(10,849)	(15,775)
Financing costs	219,196	101,345
Income tax credit	(1,325)	(169)
Operating loss	**(154,055)**	**(158,810)**
Adjustment for:		
Share-based payments and other non-cash charges	4,575	11,069
Depreciation, amortisation and impairment losses	1,421,913	1,510,200
Loss on disposal of property, plant and equipment and intangible assets	8,752	11,858
(Increase)/decrease in inventory	(10,601)	16,108
Decrease/ (increase) in trade and other receivables	79,061	(74,415)
Increase in trade and other payables	(144,364)	(205,143)
Interest received	11,138	28,060
Interest paid	(215,476)	(94,776)
Cash generated by operations	**1,000,943**	**1,044,151**
Net tax received	106	217
Net cash flow from operating activities	**1,001,049**	**1,044,368**

6. Fair value of financial instruments

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

	29 February 2024	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	49,488	49,086
Current	67,668	64,425
Total	**117,156**	**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. Corporate costs

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

	11-months ended	
	29 February 2024	28 February 2023
	€000	€000
Wages and salaries	192,704	189,755
Social security costs	55,944	53,689
Other pension costs	5,946	6,117
Share-based payments	5,412	4,431
Restructuring	22	-
Total	**260,028**	**253,992**

8. Intangible assets

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

	License and spectrum fees	Computer software	Customer-related intangible assets	Other	Total
	€000	€000	€000	€000	€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	-	83,638	276,051	-	359,689
Disposals	-	(6,084)	-	-	(6,084)
Amortisation charge	(50,325)	(89,635)	(280,484)	(36)	(420,480)
At 29 February 2024	**679,719**	**261,818**	**215,071**	**4**	**1,156,612**
Cost	1,653,362	925,985	445,580	732	3,025,659
Accumulated amortisation	(973,643)	(664,167)	(230,509)	(728)	(1,869,047)
At 29 February 2024	**679,719**	**261,818**	**215,071**	**4**	**1,156,612**

9. Property, plant and equipment

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

	29 February 2024 €000	31 March 2023 €000
Property, plant and equipment (owned assets)	3,385,080	3,631,058
Right-of-use assets	873,039	1,009,553
Total	**4,258,119**	**4,640,611**

The Group's owned assets are:

	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	3,773	352,420	356,193
Disposals	(3,589)	(11,018)	(14,607)
Depreciation charge	(10,643)	(573,049)	(583,692)
Impairment charge	(3,872)	—	(3,872)
At 29 February 2024	**108,161**	**3,276,919**	**3,385,080**
Cost	**277,672**	**11,751,561**	**12,029,233**
Accumulated depreciation and impairment	(169,511)	(8,474,642)	(8,644,153)
At 29 February 2024	**108,161**	**3,276,919**	**3,385,080**

In June 2023, Vodafone Spain communicated to its employees a plan, to be executed during the 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 29 February 2024.

10. Related party transactions

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

	11-months ended	
	29 February 2024	28 February 2023
	€000	€000
Transactions with related parties		
Sales of goods and services	220,894	216,437
Purchase of goods and services	(832,002)	(944,971)
Operating expense (non-lease component)	(40,260)	(40,260)
Financing income	5,396	473
Financing costs	(4,045)	(681)
Purchase of tangible and intangible assets	(24,254)	(23,208)

	29 February 2024	31 March 2023
Balances with related parties	€000	€000
Trade balances owed:		
by related parties	32,814	40,402
to related parties	(127,517)	(194,209)
Lease liabilities	(333,060)	(528,078)
Other balances owed:		
by related parties	262,798	366,334
to related parties	(3,299,033)	(3,196,405)

Transactions with Directors of the Group other than compensation

During the 11-months ended 29 February 2024 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 11-months ended 29 February 2024 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. Contingencies, commitments and provisions

Note 22 'Commitments' to the Group's Historical Financial Information outlined the Group's commitments as at 31 March 2023.

The Company has contingent liabilities for litigation arising in the normal course of business from which it is not expected that significant liabilities will arise other than those that have already been accounted for.

As of 29 February 2024, there was an ongoing dispute around the balances that a business partner owed the Group. In light of this dispute, the Group has assessed the likelihood of incurring credit losses and recognised a provision for credit losses relating to these balances of €40,641 thousand (Nil for the 11-months ended 28 February 2023). Management considers this to be a non-recurring exceptional item due to the unique nature of the commercial agreement with this business partner. Subsequent to the balance sheet date, Vodafone España reached a settlement agreement with this business partner to resolve the ongoing dispute with no material change to the provision being required.

12. Subsequent Events

On 14 May 2024, Vodafone Group Plc and Zegona Communications Plc received final approval from the Spanish authorities for the sale of the Vodafone Spain Group. Zegona Communications Plc's acquisition of Vodafone Spain Group completed on 31 May 2024.

Subsequent to the balance sheet date, all balances due to Vodafone Group were settled prior to completion on 31 May 2024. This includes the loan balances due to Vodafone Luxembourg S.a.r.l of €3,320,760 thousand which was settled using a new loan agreement entered into with Zegona Holdco Limited post the balance sheet date of which €3,325,539 thousand was drawn. The new loan agreement entered into between Zegona Holdco Limited and Vodafone Holdings Europe is for a total facility amount of €3,400,000 thousand with a final repayment date of 31 January 2029. Under the loan agreement there is annual interest payable calculated at EURIBOR plus a margin percentage and there will be no repayments of the principal amount in the first 24 months of the agreement.

In June 2024, the Vodafone Spain Group announced that it will undertake a restructuring plan with the intent of reducing employees by up to 1,200. The Group is in the early stages of discussions with employee representatives about the plans and, consequently, the company is unable to give an estimate of the financial effect, which is expected to include redundancy payments.

Subsequent to the balance sheet date, Vodafone España has agreed with a business partner a new wholesale services agreement for the provision of mobile and internet services.

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The Directors
Zegona Communications plc
8 Sackville Street
London
W1S 3DG

13 November 2023

Dear Ladies and Gentlemen,

Vodafone Holdings Europe S.L.U.

We report on the consolidated financial information of Vodafone Holdings Europe S.L.U. set out in Section B of Part XIII of the prospectus (the "Prospectus") dated 13 November 2023 of Zegona Communications plc (the "Company"), for the years ended 31 March 2021, 31 March 2022 and 31 March 2023 (the "Financial Information of Vodafone Spain").

This report is required by item 18.3.1 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980 and is given for the purpose of complying with that item and for no other purpose.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980, consenting to its inclusion in the Prospectus.

Opinion on the Financial Information

In our opinion, the Financial Information of Vodafone Spain gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of Vodafone Holdings Europe S.L.U. as at 31 March 2021, 31 March 2022 and 31 March 2023 and of its losses, comprehensive losses, cash flows and changes in equity for the periods then ended in accordance with UK-adopted International Accounting Standards ("UK-adopted IAS").

Responsibilities

The Directors of the Company are responsible for preparing the Financial Information of Vodafone Spain in accordance with UK-adopted IAS.

It is our responsibility to form an opinion on the Financial Information of Vodafone Spain and to report our opinion to you.

Basis of preparation

The Financial Information of Vodafone Spain has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 1 to the Financial Information of Vodafone Spain.

The UK Firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2AF, the firm's principal place of business and registered office and at Companies House [https://www.gov.uk/get-information-about-a-company] under the registration number OC300001. Not all partners are members of Ernst & Young LLP. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority (authorisation number 614947), the Financial Conduct Authority (registration number 196203) and other regulators. Further details can be found at https://www.ey.com/en_uk/legal-statement.



Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent in accordance with the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information of Vodafone Spain. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the Financial Information of Vodafone Spain and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information of Vodafone Spain is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions Relating to Going Concern

In performing our work on the Financial Information of Vodafone Spain, prepared on the basis that the acquisition of Vodafone Holdings Europe S.L.U. by the Company completes, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Information of Vodafone Spain is appropriate.

Based on the work we have performed, we have not identified any material uncertainties related to events or conditions that, individually or collectively, may cast significant doubt on Vodafone Holdings Europe S.L.U.'s ability to continue as a going concern for a period of at least twelve months from the date of the Prospectus.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the Prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980.

Yours faithfully

Ernst & Young LLP

Ernst & Young LLP

Target Business Historical Financial Information

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

For the years ended 31 March 2023, 2022 and 2021

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

	Notes	2023 €000	2022 €000	2021 €000
Revenue	2	**3,906,713**	**4,180,058**	**4,166,421**
Supplies		(1,079,518)	(1,101,587)	(1,088,421)
Corporate costs	19	(257,968)	(347,194)	(282,319)
Other expenses		(996,310)	(1,132,738)	(1,075,098)
Net credit losses on financial assets	17	(34,862)	(115,484)	(125,855)
Depreciation, amortisation and impairment losses	3	(1,632,634)	(1,707,815)	(1,655,230)
Operating loss	2	**(94,579)**	**(224,760)**	**(60,502)**
Finance income	5	15,685	13,053	-
Finance costs	5	(119,377)	(67,808)	(78,182)
Loss for the period before income tax		**(198,271)**	**(279,515)**	**(138,684)**
Income tax credit	6	169	30,989	17,161
Loss for the period attributable to equity holders of the parent		**(198,102)**	**(248,526)**	**(121,523)**
Loss per share	7			
– Basic		**(0.22)**	**(0.28)**	**(0.13)**
– Diluted		**(0.22)**	**(0.28)**	**(0.13)**

The accompanying Notes 1 to 25 form an integral part of the Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Assets				
Non-current assets				
Intangible assets	8	1,223,487	1,294,874	1,008,065
Property, plant and equipment	9	4,640,611	5,010,463	5,323,852
Other investments		1,913	3,330	3,617
Trade and other receivables	10	145,452	132,149	116,947
		6,011,463	**6,440,816**	**6,452,481**
Current assets				
Inventory		34,370	63,598	51,932
Taxation recoverable		371	234	256
Trade and other receivables	10	1,042,427	957,806	1,059,820
Cash and cash equivalents	14	4,479	4,642	6,619
		1,081,647	**1,026,280**	**1,118,627**
Total assets		**7,093,110**	**7,467,096**	**7,571,108**
Equity and Liabilities				
Equity				
Share capital	7	903,194	903,194	903,194
Share-based payment reserve		(13,745)	(11,469)	(7,946)
Accumulated (losses) / profit		(53,670)	144,557	392,601
Total equity attributable to equity holders of the parent		**835,779**	**1,036,282**	**1,287,849**
Non-current liabilities				
Borrowings	16	4,265,488	4,249,378	3,984,482
Deferred tax liabilities	6	3,240	3,660	15,462
Provisions	13	149,633	172,186	211,397
Trade and other payables	11	47,506	51,647	57,219
		4,465,867	**4,476,871**	**4,268,560**
Current liabilities				
Borrowings	16	366,985	390,546	442,487
Provisions	13	29,316	35,441	28,255
Trade and other payables	11	1,395,163	1,527,956	1,543,957
		1,791,464	**1,953,943**	**2,014,699**
Total equity and liabilities		**7,093,110**	**7,467,096**	**7,571,108**

The accompanying Notes 1 to 25 form an integral part of the Historical Financial Information.

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

	Notes	Share capital	Share based payment reserve	Accumulated (losses) / profit	Total equity
		€000	€000	€000	€000
Balance at 1 April 2020		**903,194**	**(8,774)**	**(2,635,946)**	**(1,741,526)**
Loss for the period attributable to equity holders of the parent				(121,523)	(121,523)
OCI		-	-	314	314
Share-based payments [1]	20, 19	-	828	-	828
Net assets distributed to owners	21			863,828	863,828
Dividend in specie	21	-	-	(974,000)	(974,000)
Leaseback gain retained	21			(240,072)	(240,072)
Contribution from parent	16	-	-	3,500,000	3,500,000
Balance at 31 March 2021		**903,194**	**(7,946)**	**392,601**	**1,287,849**
Loss for the period attributable to equity holders of the parent		-	-	(248,526)	(248,526)
OCI		-	-	482	482
Share-based payments [1]	20, 19	-	(3,523)	-	(3,523)
Balance at 31 March 2022		**903,194**	**(11,469)**	**144,557**	**1,036,282**
Loss for the period attributable to equity holders of the parent		-	-	(198,102)	(198,102)
OCI		-	-	(125)	(125)
Share-based payments [1]	20, 19	-	(2,276)	-	(2,276)
Balance at 31 March 2023		**903,194**	**(13,745)**	**(53,670)**	**835,779**

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

The accompanying Notes 1 to 25 form an integral part of the Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Cash inflows from operating activities	12	**1,359,284**	**1,386,530**	**1,550,056**
Cash outflows from investing activities		**(1,017,361)**	**(1,212,485)**	**(1,056,736)**
Purchase of intangible assets[1,2]	8	(360,894)	(818,872)	(429,656)
Purchase of property, plant, and equipment	9	(537,845)	(609,707)	(710,517)
Purchase of investments		(1,130)	(1,698)	(2,718)
Disposal of property, plant and equipment and intangible assets		4,172	374	1,286
Disposal of investments		2,587	1,984	1,552
Net amounts (paid)/received on intercompany loan receivables		(124,251)	215,434	83,317
Cash outflows from financing activities		**(342,086)**	**(176,022)**	**(493,173)**
Repayment of borrowings	17	(8,549)	(8,353)	(8,161)
Repayment of leases	17	(483,220)	(515,629)	(442,132)
Contribution from parent company		-	-	3,500,000
Settlement of share-based payment by parent company		(6,976)	(7,047)	(5,948)
Net amounts received/(paid) on intercompany loans	17	156,659	355,007	(3,536,932)
Other cash flows from financing activities		-	-	-
Net cash (outflow)/inflow		**(163)**	**(1,977)**	**147**
Cash and cash equivalents at beginning of the financial year		**4,642**	**6,619**	**6,472**
Cash and cash equivalents at the end of the financial year	14	**4,479**	**4,642**	**6,619**

Note:
1 Purchase of intangible assets as of 31 March 2022 includes €62,944 thousand collected as a result of the refund of spectrum fees as described in Note 8.
2 The purchase of intangible assets includes the commissions paid and categorised as costs of obtaining a contract, detailed within Note 8, to the value of €365,752 thousand, €344,923 thousand, and €307,504 thousand for the periods ended 31 March 2021, 31 March 2022 and 31 March 2023 respectively.

The accompanying Notes 1 to 25 form an integral part of the Historical Financial Information.

VODAFONE HOLDINGS EUROPE, S.L.U. AND SUBSIDIARIES
Notes to the 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 components are defined in Note 24. In September 2020, Vantage Towers Spain was carved-out from Vodafone Spain (for further details refer below).

The following financial information set out the selected Historical Financial Information which has been derived from the Spanish business consolidated statements of comprehensive income, financial position and cash flows as at the dates and for the periods ending 31 March 2023, 2022, and 2021, together with the disclosure notes.

Basis of preparation

Vodafone Spain is engaged in the provision of communications, entertainment and information services in Spain. The business operates a multi-brand model across mobile and fixed networks allowing it to provide converged offerings to both the premium (Vodafone) and low end (Lowi and Finetework) of the market.

The Historical Financial Information is prepared in accordance with the UK-adopted International Accounting Standards ('UK-adopted IAS') and has been prepared specifically for the purposes of this Prospectus and does not constitute statutory accounts within the meaning of section 434 (3) of the Companies Act 2006.

Vodafone Holdings Europe, S.L.U, is a limited partnership that was incorporated in Spain for an indefinite period on October 30, 2000. Its registered address is Avenida de América 115, 28042 in Madrid.

As of 31 March 2023, Vodafone Holdings Europe, S.L.U. is the parent company ('**the parent**') of the Vodafone group of companies in Spain (hereinafter the 'Group').

The Group was controlled by Vodafone Europe B.V., which is indirectly wholly owned by Vodafone Group Plc, a foreign company duly incorporated under the laws of the United Kingdom domiciled at Vodafone House, The Connection, Newbury, Berkshire RG14 2FN, United Kingdom, and registered under number 1833679 at the relevant Registry.

The principal accounting policies that have been applied to this financial information are outlined below. These policies have been consistently applied, unless otherwise stated.

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

Management regularly reviews, and revises as necessary, the accounting judgements that significantly impact the amounts recognised in the Historical Financial Information and the estimates that are 'critical estimates' due to their potential to give rise to material adjustments in the Group's Historical Financial Information. Management has identified critical judgements in respect of revenue recognition, lease accounting, valuing assets and liabilities acquired in business combinations and the impacts of climate change. In addition, management has identified critical accounting estimates in relation to impairment reviews; estimates have also been identified that are not considered to be critical in respect of the allocation of revenue to goods and services, the useful economic lives of finite lived intangibles and property, plant, and equipment.

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

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.

Basis of preparation (continued)

Going concern (continued)

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 April 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.

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.

Vantage Towers

In March 2020, a partial spin-off agreement of Vodafone España, S.A.U. in favour of Vodafone Towers Spain, S.L.U (actual Vantage Towers S.L.U ('**Vantage Towers**')) as beneficiary company, was published in the Mercantile Registry. Vodafone Towers was constituted as an autonomous economic unit dedicated to the possession of the passive telecommunications infrastructure for the provision of services to third parties through said infrastructure and that allows the installation of equipment for the emission and/or reception of signals through communication networks.

Assets and liabilities inherent in the assets of Vantage Towers were effectively transferred to the new entity which was still part of the Group.

As of 31 March 2020, the Group was committed to distribute the Vantage Towers business to the owners, therefore assets and liabilities were recognised as 'Held for distribution to owners' in the consolidated financial statements measured on the initial recognition at the lower of its carrying amount and fair value less costs to sell.

On 25 September 2020, the disposal of Vantage Towers through a distribution in specie was approved for an amount of €974,000 thousand, valuation assigned to the participation. The payment of the dividend was made effective through the transfer in favour of the ownership of the 10,000 shares representing 100% of the share capital of the company Vantage Towers, S.L.U. At the same time, Vantage Towers was carved-out from the Group but remained a related party as Vodafone Group controlled it. These balances have been accounted for as assets and liabilities held for distribution to owners as of 31 March 2020 (see Note 21 'Disposal').

On disposal of these assets, the Group entered into an arrangement in which the mobile base station towers were leased back (see Note 1.1.2 'Lease accounting' for more detail on the Group's Sales and leaseback accounting policy).

1.1 Critical accounting judgements and key sources of estimation uncertainty

1.1.1 Revenue recognition

Revenue recognition under IFRS 15 necessitates the collation and processing of very large amounts of data and the use of management judgements and estimates to produce financial information. The most significant accounting judgements and source of estimation uncertainty are disclosed below.

Gross versus net presentation

If the Group has control of goods or services when they are delivered to a customer, then the Group is the principal in the sale to the customer; otherwise, the Group is acting as an agent. Whether the Group is the principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses (see Note 2 'Revenue disaggregation') but do not impact reported assets, liabilities, or cash flows. Scenarios requiring judgement to determine whether the Group is a principal, or an agent include, for example, those where the Group delivers third-party branded software or services (such as TV content or cloud-based services) to customers and good or services delivered to customers in partnership with a third-party.

Allocation of revenue to goods and services provided to customers

Revenue is recognised when goods and services are delivered to customers (see Note 2 'Revenue disaggregation'). Goods and services may be delivered to a customer at different times under the same contract, hence it is necessary to allocate the amount payable by the customer between goods and services on a 'relative standalone selling price basis'; this requires the identification of performance obligations ('obligations') and the determination of standalone selling prices for the identified obligations. The determination of obligations is, for the primary goods and services sold by the Group, not considered to be a critical accounting judgement; the Group's policy on identifying obligations is disclosed in Note 2 'Revenue disaggregation'. The determination of standalone selling prices for identified obligations is discussed below.

It is necessary to estimate the standalone price when the Group does not sell equivalent goods or services in similar circumstances on a standalone basis. When estimating the standalone price, the Group maximises the use of external inputs; methods for estimating standalone prices include determining the standalone price of similar goods and services sold by the Group, observing the standalone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for devices and other equipment). Where it is not possible to reliably estimate standalone prices due to a lack of observable standalone sales or highly variable pricing, which is sometimes the case for services, the standalone price of an obligation may be determined as the transaction price less the standalone prices of other obligations in the contract. The standalone price determined for obligations materially impacts the allocation of revenue between obligations and impacts the timing of revenue when obligations are provided to customers at different times – for example, the allocation of revenue between devices, which are usually delivered up-front, and services which are typically delivered over the contract period. However, there is not considered to be a significant risk of material adjustment to the carrying value of contract-related assets or liabilities in the 12 months after the balance sheet date if these estimates were revised.

1.1.2 Lease accounting

Lease accounting under IFRS 16 is complex and necessitates the collation and processing of very large amounts of data and the increased use of management judgements and estimates to produce financial information. The most significant accounting judgements are disclosed below.

Lease identification

Whether the arrangement is considered a lease, or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Group and the counterparty to determine if control of an identified asset has been passed between the parties; if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The scenarios requiring the greatest judgement include those where the arrangement is for the use of fibre or other fixed telecommunication lines. Generally, where the Group has exclusive use of a physical line it is determined that the Group can also direct the use of the line and therefore leases will be recognised. Where the Group provides access to fibre or other fixed telecommunication lines to another operator on a wholesale basis the arrangement will generally be identified as a lease, whereas when the Group provides fixed line services to an end-user, generally control over such lines is not passed to the end-user and a lease is not identified.

The impact of determining whether an agreement is a lease, or a service depends on whether the Group is a potential lessee or lessor in the arrangement and, where the Group is a lessor, whether the arrangement is classified as an operating or finance lease. The impacts for each scenario are described below where the Group is potentially:

- A lessee. The judgement impacts the nature and timing of both costs and reported assets and liabilities. A lease results in an asset and a liability being reported and depreciation and interest being recognised; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded (other than trade payables, prepayments, and accruals).

Critical accounting judgements and key sources of estimation uncertainty (continued)

Lease accounting (continued)

- An operating lessor. The judgement impacts the nature of income recognised. An operating lease results in lease income being recognised whilst a service contract results in service revenue. Both are recognised evenly over the life of the contract.
- A finance lessor. The judgement impacts the nature and timing of both income and reported assets. A finance lease results in the lease income being recognised at commencement of the lease and an asset (the net investment in the lease) being recorded.

Lease term

Where leases include additional optional periods after an initial lease term, significant judgement is required in determining whether these optional periods should be included when determining the lease term. The impact of this judgement is significantly greater where the Group is a lessee. As a lessee, optional periods are included in the lease term if the Group is reasonably certain it will exercise an extension option or will not exercise a termination option; this depends on an analysis by management of all relevant facts and circumstances including the leased asset's nature and purpose, the economic and practical potential for replacing the asset and any plans that the Group has in place for the future use of the asset. Where a leased asset is highly customised (either when initially provided or as a result of leasehold improvements) or it is impractical or uneconomic to replace then the Group is more likely to judge that lease extension options are reasonably certain to be exercised. The value of the right-of-use asset and lease liability will be greater when extension options are included in the lease term. The normal approach adopted for lease term by asset class is described below.

The lease terms can vary significantly by type and use of asset. In addition, the exact lease term is subject to the non-cancellable period and rights and options in each contract. Generally, lease terms are judged to be the longer of the minimum lease term and:

- Between 5 and 10 years for land and buildings (excluding retail), with terms at the top end of this range if the lease relates to assets that are considered to be difficult to exit sooner for economic, practical or reputational reasons;
- To the next contractual lease break date for retail premises (excluding breaks within the next 12 months);
- Where leases are used to provide internal connectivity the lease term for the connectivity is aligned to the lease term or useful economic life of the assets connected;
- The customer service agreement length for leases of local loop connections or other assets required to provide fixed line services to individual customers; and
- Where there are contractual agreements to provide services using leased assets, the lease term for these assets is generally set in accordance with the above principles or for the lease term required to provide the services for the agreed service period, if longer.

In most instances the Group has options to renew or extend leases for additional periods after the end of the lease term which are assessed using the criteria above.

Lease terms are reassessed if a significant event or change in circumstances occurs relating to the leased assets that is within the control of the Group; such changes usually relate to commercial agreements entered into by the Group, or business decisions made by the Group. Where such changes change the Group's assessment of whether it is reasonably certain to exercise options to extend, or not terminate leases, then the lease term is reassessed and the lease liability is remeasured, which in most cases will increase the lease liability.

Sale and leaseback

Whether a transfer of an asset to another entity and leases that asset back, both the seller and the purchaser shall account the transfer contract as a sale and leaseback transaction.

If the initial transfer satisfies the requirement of IFRS 15 to be accounted as a sale, the Group as a seller-lessee shall measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Accordingly, the seller-lessee shall recognise only the amount of any gain or loss that relates to the rights transferred to the buyer-lessor.

Within the assets disposed in the carved-out of Vantage Towers (see Note 1 'Basis of preparation') there were mobile base station towers which were agreed to be leased back to locate network equipment for 8 years (see Note 21 'Disposals').

1.1.3 Deferred tax assets

Recognition of deferred tax assets

Significant items on which the Group has exercised accounting estimation and judgement include the recognition of deferred tax assets in respect of losses. The recognition of deferred tax assets, particularly in respect of tax losses, is based upon whether management judge that it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the assets in the future. The Group assesses the availability of future taxable profits using the same undiscounted five-year forecasts for the Group's operations as are used in the Group's value in use calculations (see Note 4 'Impairment losses').

Where tax losses are forecast to be recovered beyond the five-year period, the availability of taxable profits is assessed using the cash flows and long-term growth rates used for the value in use calculations.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Deferred tax assets (continued)

The estimated cash flows inherent in these forecasts include the unsystematic risks of operating in the telecommunications business including the potential impacts of changes in the market structure, trends in customer pricing, the costs associated with the acquisition and retention of customers, future technological evolutions and potential regulatory changes, such as the ability to acquire and/or renew spectrum licenses.

Changes in the estimates which underpin the Group's forecasts could have an impact on the amount of future taxable profits and could have a significant impact on the period over which the deferred tax asset would be recovered.

The Group only considers substantively enacted tax laws when assessing the amount and availability of tax losses to offset against the future taxable profits.

1.1.4 Finite lived intangible assets

Intangible assets include amounts spent by the Group acquiring licences and spectrum, customer bases and the costs of purchasing and developing computer software. Estimates relating to the future cash flows and discount rates used may have a material effect on the reported amounts of finite lived intangible assets.

Where intangible assets are acquired through business combinations and no active market for the assets exists, the fair value of these assets is determined by discounting estimated future net cash flows generated by the asset.

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.

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

Estimation of useful life

The useful life over which intangible assets are amortised depends on management's estimate of the period over which economic benefit will be derived from the asset. Useful lives are periodically reviewed to ensure that they remain appropriate. Management's estimates of useful life have a material impact on the amount of amortisation recorded in the year. The basis for determining the useful life for the most significant categories of intangible assets are discussed below.

Customer bases

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

Capitalised software

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

Customer-related intangible assets

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

1.1.5 Property, plant and equipment

Estimates and assumptions made may have a material impact on their carrying value and related depreciation charge. See Note 9 'Property, plant and equipment' to the Historical Financial Information for further details.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Property, plant and equipment (continued)

Estimation of useful life

The depreciation charge for an asset is derived using estimates of its expected useful life and expected residual value, which are reviewed annually. Management's estimates of useful life have a material impact on the amount of depreciation recorded in the year.

Management determines the useful lives and residual values for assets when they are acquired, based on experience with similar assets and considering other relevant factors such as any expected changes in technology.

1.1.6 Impairment reviews

IFRS requires management to perform impairment tests annually for finite lived assets if events or changes in circumstances indicate that their carrying amounts may not be recoverable.

A lack of observable market data on fair values for equivalent assets means that the Group's valuation approach for impairment testing focuses primarily on value in use. For several reasons, transaction values agreed as part of any business acquisition or disposal may be higher than the assessed value in use.

Impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters including management's expectations of:

- Growth in adjusted EBITDAaL, calculated as detailed in Note 2
- Timing and amount of future capital expenditure, licence and spectrum payments;
- Long-term growth rates; and
- Appropriate discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the adjusted EBITDAaL and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence reported assets and profits or losses. Further details, including a sensitivity analysis, are included in Note 4 'Impairment losses' to the Historical Financial Information.

See additional commentary relating to climate change, below.

1.1.7 Contingent liabilities

The Group exercises judgement to determine whether to recognise provisions and the exposures to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation. Judgement is necessary to assess the likelihood that a pending claim will succeed, or a liability will arise.

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

1.2.1 Accounting convention

The Historical Financial Information is prepared on a historical cost basis except for certain financial and equity instruments that have been measured at fair value.

1.2.2 Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Vodafone Holdings Europe, S.L.U. and subsidiaries controlled by the Group (see Note 24 'Related undertakings' to the Historical Financial Information).

1.2.3 Foreign currencies

The Historical Financial Information is presented in euro, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Significant accounting policies applied in the current reporting period that relate to the Historical Financial Information as a whole (continued)

1.2.4 Current or non-current classification

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

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

1.2.5 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined based on weighted average costs and comprises direct materials.

1.2.6 Assessment on business impacts

How the COVID-19 pandemic has impacted the Group's line of business

On 11 March 2020, the World Health Organisation upgraded the public health emergency caused by the coronavirus outbreak (COVID-19) to an international pandemic. Events unfolded very fast both in Spain and abroad, prompting an unprecedented health crisis that has hit the macroeconomic environment and hampered business growth.

The Covid-19 outbreak developed rapidly in early 2020. Many countries required businesses to limit or suspend operations and implemented travel restrictions. These measures taken to contain the virus adversely affected economic activity. Based on the information available as of 31 March 2020, Management made adjustments to the five-year business plan used in the Group's impairment testing to reflect the estimated impact. No relevant effects were noted after the year ended 31 March 2022.

Climate change

The Group takes environmental protection laws into account in its overall operations and believes that it is in material compliance with such laws and maintains procedures designed to promote and ensure compliance.

An environmental activity is defined as any operation the main purpose of which is to minimise any environmental impact and protect and improve the Environment. Furthermore, it has not been deemed necessary to record any environmental provisions as there are no environmental protection and improvement-related contingencies, nor any environmental liabilities.

During the year ended 31 March 2023, the Group continued to invest in environmental protection and improvement. The measures adopted included most notably initiatives aimed at minimising the visual and acoustic impact of infrastructure, the payment of environmental licences, the use of alternative energies and waste recycling and control actions. These measures led to the addition of new functions to equipment and plant totalling €4,139 thousand (year ended 31 March 2022 €2,813 thousand and year ended 31 March 2021 €1,122 thousand) and expenses of €4,094 thousand during the financial year (year ended 31 March 2022: €2,681 thousand and year ended 31 March 2021 €1,185 thousand).

At year-end, the Group did not have any environmental protection and improvement-related contingencies, or compensation receivable from third parties.

1.2.7 New accounting pronouncements and basis of preparation changes to be adopted on or after 1 April 2022

The Group adopted the following new accounting policies on 1 April 2022 to comply with amendments to IFRS. The accounting pronouncements, none of which had a material impact on the Group's financial reporting on adoption, are:

- Annual Improvements to IFRS Standards 2018-2020.
- Amendments to IAS 16 'Property, Plant and Equipment: Proceeds before Intended Use'.
- Amendments to IAS 37 'Onerous Contracts - Cost of Fulfilling a Contract';
- Amendments to IFRS 3 'Reference to the Conceptual Framework'; and
- Amendments to IAS 12 'International Tax Reform – Pillar Two Model Rules'.

Significant accounting policies applied in the current reporting period that relate to the Historical Financial Information as a whole (continued)

1.2.8 New accounting pronouncements to be adopted on or after 1 April 2023

The following new standards and narrow-scope amendments have been issued by the IASB and are effective for annual periods beginning on or after 1 January 2023:

- IFRS 17 'Insurance Contracts' and Amendments to IFRS 17 'Insurance Contracts';
- Amendments to IAS 1 'Disclosure of Accounting Policies';
- Amendments to IAS 1 'Classification of Liabilities as Current or Non-Current';
- Amendment to IAS 8 'Definition of Accounting Estimates'; and
- Amendment to IAS 12 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'.

The following new standard has been issued by the IASB and is effective for annual periods beginning on or after 1 January 2024:

- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback'.

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from the commencement of the accounting period to which they relate. The changes are not expected to have a material impact on the consolidated statement of comprehensive income, consolidated statement of financial position or consolidated statement of cash flows.

1.2.9 Accounting pronouncements not yet endorsed by the United Kingdom

The following narrow-scope amendments have been issued by the IASB but not yet endorsed by the United Kingdom:

- Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements'; and
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'.

2. Revenue disaggregation

The Group activity is focused on providing telecommunications services under a common network and strategic decisions are independent of the Group's structure. Selected financial data is presented on this basis below.

Accounting policies

Revenue

When the Group enters into an agreement with a customer, goods and services deliverable under the contract are identified as separate performance obligations ('obligations') to the extent that the customer can benefit from the goods or services on their own and that the separate goods and services are considered distinct from other goods and services in the agreement. Where individual goods and services do not meet the criteria to be identified as separate obligations they are aggregated with other goods and/or services in the agreement until a separate obligation is identified. The obligations identified will depend on the nature of individual customer contracts, but might typically be separately identified for mobile handsets, other equipment such as set-top boxes and routers provided to customers and services provided to customers such as mobile and fixed line communication services. Where goods and services have a functional dependency (for example, a fixed line router can only be used with the Group's services) this does not, in isolation, prevent those goods or services from being assessed as separate obligations. Activities relating to connecting customers to the Group's network for the future provision of services are not considered to meet the criteria to be recognised as obligations except to the extent that the control of related equipment passes to customers.

The Group determines the transaction price to which it expects to be entitled in return for providing the promised obligations to the customer based on the committed contractual amounts, net of sales taxes and discounts. Where indirect channel dealers, such as retailers, acquire customer contracts on behalf of the Group and receive commission, any commissions that the dealer is compelled to use to fund discounts or other incentives to the customer are treated as payments to the customer when determining the transaction price and consequently are not included in contract acquisition costs.

The transaction price is allocated between the identified obligations according to the relative standalone selling prices of the obligations. The standalone selling price of each obligation deliverable in the contract is determined according to the prices that the Group would achieve by selling the same goods and/or services included in the obligation to a similar customer on a standalone basis; where standalone selling prices are not directly observable, estimation techniques are used maximising the use of external inputs. See 'Critical accounting judgements and key sources of estimation uncertainty' in Note 1 for details. Revenue is recognised when the respective obligations in the contract are delivered to the customer and cash collection is considered probable. Revenue for the provision of services, such as mobile airtime and fixed line broadband, is recognised when the Group provides the related service during the agreed service period.

Revenue for device sales to end customers is generally recognised when the device is delivered to the end customer. For device sales made to intermediaries such as indirect channel dealers, revenue is recognised if control of the device has transferred to the intermediary and the intermediary has no right to return the device to receive a refund; otherwise, revenue recognition is deferred until sale of the device to an end customer by the intermediary or the expiry of any right of return.

Where refunds are issued to customers, they are deducted from revenue in the relevant service period.

When the Group has control of goods or services prior to delivery to a customer, then the Group is the principal in the sale to the customer. As a principal, receipts from, and payments to, suppliers are reported on a gross basis in revenue and operating costs. If another party has control of goods or services prior to transfer to a customer, then the Group is acting as an agent for the other party and revenue in respect of the relevant obligations is recognised net of any related payments to the supplier and recognised revenue represents the margin earned by the Group. See 'Critical accounting judgements and key sources of estimation uncertainty' in Note 1 for details.

When revenue recognised in respect of a customer contract exceeds amounts received or receivable from a customer at that time a contract asset is recognised; contract assets will typically be recognised for handsets or other equipment provided to customers where payment is recovered by the Group via future service fees. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised. When contract assets or liabilities are recognised, a financing component may exist in the contract; this is typically the case when a handset or other equipment is provided to a customer up-front, but payment is received over the term of the related service agreement, in which case the customer is deemed to have received financing. If a significant financing component is provided to the customer, the transaction price is reduced, and interest revenue is recognised over the customer's payment period using an interest rate reflecting the relevant central bank rates and customer credit risk.

Contract-related costs

When costs directly relating to a specific contract are incurred prior to recognising revenue for a related obligation, and those costs enhance the ability of the Group to deliver an obligation and are expected to be recovered, then those costs are recognised in the statement of financial position as fulfilment costs and are recognised as expenses in line with the recognition of revenue when the related obligation is delivered.

Revenue disaggregation (continued)

Customer-related intangible assets

The direct and incremental costs of acquiring or retaining a customer relationship including, for example, certain commissions payable to staff or agents for acquiring or retaining customers on behalf of the Group, are recognised as an customer-related intangible asset in the statement of financial position when the related payment obligation is recorded (see Intangibles Assets Note 8). Costs are amortised over the contract life; typically, this is over the customer contract period as new commissions are payable on contract renewal.

Revenue disaggregation and segmental statement of comprehensive income analysis

Revenue reported for the year 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. Revenue from leases is disclosed in Note 15 'Leases'.

The table below presents Revenue:

	2023 €000	2022 €000	2021 €000
Service revenue	3,514,413	3,713,571	3,788,479
Equipment revenue	307,156	368,893	291,648
Revenue from contracts with customers	**3,821,569**	**4,082,464**	**4,080,127**
Interest revenue	26,140	24,321	22,402
Oher revenue	59,004	73,273	63,892
Total revenue	**3,906,713**	**4,180,058**	**4,166,421**

Performance metrics

Non-GAAP measure	Purpose	Definition
Adjusted EBITDA	Adjusted EBITDA and adjusted EBITDAaL 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.

Revenue disaggregation (continued)

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 year is shown below.

	2023 €000	2022 €000	2021 €000
Adjusted EBITDA	**1,557,461**	**1,571,726**	**1,644,032**
Depreciation and gain on disposal of leased assets[1,2]	(423,790)	(435,957)	(409,865)
Interest on lease liabilities	(31,801)	(32,899)	(28,807)
Adjusted EBITDAaL	**1,101,870**	**1,102,870**	**1,205,360**
Restructuring costs[2]	(7,950)	(95,147)	(22,426)
Interest on lease liabilities	31,801	32,899	28,807
Loss on disposal of owned assets	(12,266)	(16,818)	(27,069)
Depreciation of owned assets (Note 9)	(718,915)	(782,376)	(773,134)
Amortisation of owned assets (Note 8)[3]	(149,655)	(109,106)	(127,552)
Amortisation of customer-related intangible assets[3]	(339,464)	(357,082)	(344,488)
Impairment losses	-	-	-
Operating loss	**(94,579)**	**(224,760)**	**(60,502)**
Net financing costs	(103,692)	(54,755)	(78,182)
Loss before taxation	**(198,271)**	**(279,515)**	**(138,684)**

Notes:
1 The current year includes a gain on disposal of leased assets of €810 thousand (2022: €875 thousand, 2021: €192 thousand).
2 Restructuring costs includes a depreciation charge of Nil for the year ending 31 March 2023 (2022: €22,419 thousand, 2021 Nil) relating to the reassessment of the useful lives of certain leased assets as part of the Group's restructuring plans.
3 The amortisation expense of the customer-related intangible assets is presented in a separate line and reflects the Acquiror's accounting policy for capitalisation of customer-related intangible assets. Customer-related intangible assets are disclosed in Note 8.

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. Operating loss

Detailed below are the key amounts recognised in arriving at operating loss.

	2023 €000	2022 €000	2021 €000
Amortisation of intangible assets (Note 8)	489,119	466,188	472,040
Depreciation of property, plant and equipment (Note 9):			
Owned assets	718,915	782,376	773,134
Leased assets	424,600	459,251	410,056
Depreciation, amortisation and impairment losses	**1,632,634**	**1,707,815**	**1,655,230**
Corporate costs (Note 19)	257,968	347,194	282,319
Acquisition and retention costs	537,416	578,885	532,606
Amounts related to inventory of finished goods	423,832	477,831	412,202
Own costs capitalised attributable to the construction or acquisition of property, plant and equipment	(66,642)	(61,688)	(59,018)

4. Impairment loss

Impairment occurs when the carrying value of assets is greater than the present value of the net cash flows they are expected to generate. We review the carrying value of assets for the common network and goodwill at least annually. For further details of the impairment review process see 'Critical accounting judgements and key sources of estimation uncertainty' in Note 1 'Basis of preparation' to the Historical Financial Information.

Accounting policies

Property, plant and equipment, finite lived intangible assets

At each reporting period date, the Group reviews the carrying amounts of its property, plant and equipment, finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount and an impairment loss is recognised immediately in the statement of comprehensive income.

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

Impairment losses

Following our annual impairment review, no impairment charges were recognised in the consolidated statement of losses. Further detail on the key assumptions is included below.

Impairment loss (continued)

Key assumptions used in the value in use calculations

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

Assumption	How determined
Projected adjusted EBITDAaL	Projected adjusted EBITDAaL has been based on past experience adjusted for the following:
	– Mobile revenue is expected to benefit from increased usage as customers transition to higher data bundles, and new products and services are introduced. Fixed revenue is expected to continue to grow as penetration is increased and more products and services are sold to customers;
	– Margins are expected to be impacted by negative factors such as the cost of acquiring and retaining customers in increasingly competitive markets and by positive factors such as the efficiencies expected from the implementation of Group initiatives; and
	– To include the amortisation of customer-related intangible assets.
Projected capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to maintain the networks, provide products and services in line with customer expectations, including of higher data volumes and speeds, and to meet the population coverage requirements of certain of the Group's licences. Capital expenditure is required to roll out capacity-building next generation 5G and gigabit networks.
Projected licence and spectrum payments	To enable the continued provision of products and services, the cash flow forecasts for licence and spectrum payments include amounts for expected renewals and newly available spectrum. Beyond the five-year forecast period, a long-run cost of spectrum is assumed.
Long-term growth rate	For the purposes of the Group's value in use calculations, a long-term growth rate into perpetuity is applied immediately at the end of the five-year forecast period and is based on a management estimate that is lower than Spain's nominal GDP growth rate forecast.
Pre-tax discount rate	The pre-tax discount rate is derived such that when applied to pre-tax cash flows it gives the same result as when the observable post-tax weighted average cost of capital is applied to post-tax cash flows. The statutory tax rates are adjusted to reflect the impact of tax losses available to offset against taxable profits.
	The assumptions used to develop the discount rate are benchmarked to externally available data: – The risk-free rate is derived from an average yield of the ten year bond issued by the government; and – the forward-looking equity market risk premium (an investor's required rate return over and above a risk-free rate) is based on studies by independent economists, the long-term average equity market risk premium and the market risk premiums typically used by valuation practitioners; and – the asset beta reflecting the systematic risk of the telecommunications segment relative to the market as a whole is determined from betas observed for comparable listed telecommunications companies; and – the region-specific leverage ratio is estimated from ratios observed for comparable listed telecommunications companies; and – the discount rate is determined in nominal terms in order to match its nominal estimates of future cash flows.
COVID-19	The COVID-19 outbreak developed rapidly in early 2020, and measures to contain the virus adversely affected economic activity and disrupted many businesses. Management made additional adjustments to the five-year business plan used in the Group's impairment testing in March 2020 to reflect the estimated impact. The impact of COVID-19 on the Group's impairment testing diminished in March 2021 and March 2022 and where appropriate, management included their estimates in the five-year business plan.

Year ended 31 March 2023

The Group performs its annual impairment test for goodwill at 31 March and when there is an indicator of impairment of an asset. At each reporting period date judgement is exercised by management in determining whether any internal or external sources of information observed are indicative that the carrying amount of any of the Group's cash generating unit is not recoverable.

No impairment loss or reversal of impairment was recognised during the year to 31 March 2023. No changes to the business or its activities have taken place during the period to warrant an impairment loss reversal.

Impairment loss (continued)

Value in use assumptions

	pps
Pre-tax discount rate	7.7
Long-term growth rate	1.5
Projected adjusted EBITDAaL CAGR[1]	0.2
Projected capital expenditure[2]	12.4 – 13.5

Notes:
1 Projected adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

Sensitivity analysis

The estimated recoverable amount of the Group exceeds its carrying value by €79,500 thousand if the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2023.

Change required for carrying value to equal recoverable amount:

	pps
Pre-tax discount rate	0.1
Long-term growth rate	(0.1)
Projected adjusted EBITDAaL CAGR[1]	(0.3)
Projected capital expenditure[2]	0.5

Notes:
1 Projected adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Management has prepared the following sensitivity analysis for changes in projected adjusted EBITDAaL CAGR[1] , long-term growth rate and pre-tax discount rate assumptions. The associated impact of the change in each key assumption does not consider any consequential impact on other assumptions used in the impairment review.

	Recoverable amount less carrying value €000
Base case as at 31 March 2023	79,500
Change in projected adjusted EBITDAaL CAGR[1]	
Decrease by 5.0pps	(1,084,338)
Increase by 5.0pps	1,480,243
Change in long-term growth rate	
Decrease by 1.0pps	(421,381)
Increase by 1.0pps	802,550
Change in pre-tax discount rate	
Decrease by 1.0pps	876,747
Increase by 1.0pps	(494,926)

Note:
1 Projected Adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

Year ended 31 March 2022

The Group performs its annual impairment test for goodwill at 31 March and when there is an indicator of impairment of an asset. At each reporting period date judgement is exercised by management in determining whether any internal or external sources of information observed are indicative that the carrying amount of any of the Group's cash generating unit is not recoverable.

No impairment loss or reversal of impairment was recognised during the year to 31 March 2022. No changes to the business or its activities have taken place during the period to warrant an impairment loss reversal.

Impairment loss (continued)

Value in use assumptions

The table below shows key assumptions used in the value in use calculation.

	pps
Pre-tax discount rate	8.4
Long-term growth rate	1.0
Projected adjusted EBITDAaL CAGR[1]	4.1
Projected capital expenditure[2]	14.7-15.6

Notes:
1 Projected Adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

Sensitivity analysis

The estimated recoverable amount of the Group exceeds its carrying value by €118,600 thousand. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2022.

Change required for carrying value to equal recoverable amount:

	pps
Pre-tax discount rate	0.2
Long-term growth rate	(0.2)
Projected adjusted EBITDAaL CAGR[1]	(0.5)
Projected capital expenditure[2]	0.7

Notes:
1 Projected adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for all cash-generating units of the plans used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for all cash-generating units of the plans used for impairment testing.

Management has prepared the following sensitivity analysis for changes in projected adjusted EBITDAaL CAGR[1], long-term growth rate and pre-tax discount rate assumptions. The associated impact of the change in each key assumption does not consider any consequential impact on other assumptions used in the impairment review.

	Recoverable amount less carrying value €000
Base case as at 31 March 2022	118,600
Change in projected adjusted EBITDAaL CAGR[1]	
Decrease by 5.0pps	(1,093,410)
Increase by 5.0pps	1,569,091
Change in long-term growth rate	
Decrease by 1.0pps	(373,431)
Increase by 1.0pps	787,591
Change in pre-tax discount rate	
Decrease by 1.0pps	864,691
Increase by 1.0pps	(446,908)

Note:
1 Projected adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

Year ended 31 March 2021

The Group performs its annual impairment test for goodwill at 31 March and when there is an indicator of impairment of an asset. At each reporting period date judgement is exercised by management in determining whether any internal or external sources of information observed are indicative that the carrying amount of any of the Group's cash generating units is not recoverable. Vantage Towers was sold during the year (see Note 1 'Basis of preparation').

No impairment loss or reversal of impairment was recognised during the year to 31 March 2021. No changes to the business or its activities have taken place during the period to warrant an impairment loss reversal.

Impairment loss (continued)

Value in use assumptions

The table below shows key assumptions used in the value in use calculation.

	pps
Pre-tax discount rate	9.1
Long-term growth rate	0.5
Projected adjusted EBITDAaL CAGR[1]	4.9
Projected capital expenditure[2]	15.7-17.6

Notes:
1 Projected Adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

Sensitivity analysis

The estimated recoverable amount of the Group exceeds its carrying value by €730,200 thousand. If the assumptions used in the impairment review were changed to a greater extent than as presented in the following table, the changes would, in isolation, lead to an impairment loss being recognised for the year ended 31 March 2021.Change required for carrying value to equal recoverable amount:

	pps
Pre-tax discount rate	1.3
Long-term growth rate	(1.6)
Projected adjusted EBITDAaL CAGR[1]	(3.8)
Projected capital expenditure[2]	3.9

Notes:
1 Projected Adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.
2 Projected capital expenditure, which excludes licences and spectrum, is expressed as capital expenditure as a percentage of revenue in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

Management has prepared the following sensitivity analysis for changes in projected adjusted EBITDAaL CAGR[1] and long-term growth rate assumptions. The associated impact of the change in each key assumption does not consider any consequential impact on other assumptions used in the impairment review.

	Recoverable amount less carrying value €000
Base case as at 31 March 2021	730,200
Change in projected adjusted EBITDAaL CAGR[1]	
Decrease by 5.0pps	(214,699)
Increase by 5.0pps	1,857,245
Change in long-term growth rate	
Decrease by 1.0pps	244,096
Increase by 1.0pps	1,359,276

Note:
1 Projected adjusted EBITDAaL CAGR is expressed as the compound annual growth rates in the initial five years for the cash-generating unit, as reflected by the business plan used for impairment testing.

5. Net financing costs

Net financing costs mainly arise from interest due on loans from Vodafone Group Plc and lease liabilities.

	2023 €000	2022 €000	2021 €000
Financing income			
Interest related to the recovery of excess licenses fees[1]	-	11,500	-
Other financing income[2]	15,685	1,553	-
	15,685	**13,053**	**-**
Financing costs			
Financial liabilities measured at amortised cost			
Lease liabilities	31,801	32,899	28,807
Loans from related parties and other liabilities	87,576	34,909	49,375
	119,377	**67,808**	**78,182**
Net financing costs	**103,692**	**54,755**	**78,182**

1 Related to movements in intangible assets as described in Note 8.
2 Mainly related to the compensation received for the positive judgment of a lawsuit.

6. Taxes

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

Fiscal consolidation regime

The individual taxable income is included in the taxable income of the tax consolidation group of which Vodafone Group Plc is the ultimate parent company and Vodafone Holdings Europe, S.L.U. is the representative parent company in Spain.

During the year ended 31 March 2021, the shares of Vantage Towers, S.L.U. were transferred to the ultimate parent company. Based on the provisions of Article 58.3 of the Revised Text of the Corporate Tax Act, the transfer of the shares of Vantage Towers, S.L.U. does not result in the exclusion of this company from the Spanish tax consolidation group, insofar as the Vodafone Group Plc of the group holds an interest of at least 75% in this entity at the end of the year ended 31 March 2022.

On 23 March 2023, Vodafone Group Plc and Vantage Towers AG announced a new ownership structure with a consortium of long-term infrastructure investors led by Global Infrastructure Partners (GIP) and KKR where such parent company reduced its indirect interest in Vantage Towers S.L.U. to 57,3% at the end of the year ended 31 March 2023. As a result, Vantage Towers S.L.U. has been excluded from the Spanish tax consolidation perimeter.

Accounting policies

Income tax expense represents the sum of the current and deferred taxes.

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting period date.

The Group recognises provisions for uncertain tax positions when the Group has a present obligation as a result of a past event and management judge that it is probable that there will be a future outflow of economic benefits from the Group to settle the obligation. Uncertain tax positions are assessed and measured on an issue-by-issue basis within the jurisdictions that we operate either using management's estimate of the most likely outcome where the issues are binary, or the expected value approach where the issues have a range of possible outcomes. The Group recognises interest on late paid taxes as part of financing costs, and any penalties, if applicable, as part of the income tax expense. Taxes are opened to inspection for a period of 4 years in Spain.

Subsequently to 31 March 2023, the tax authorities has communicated to the Group the opening of a verification process for some subsidiaries and for the following taxes and periods:

Type	**Periods**
Income tax	Fiscal Year 2019 -2022
VAT	April 2019 – December 2022
Personal income tax	April 2019 – December 2022
Tax for Non-Residents	April 2019 – December 2022

The Group does not expect that, at the end of this process, liabilities will arise that could significantly affect the Group.

Taxes (continued)

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

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are not recognised to the extent they arise from the initial recognition of non-tax-deductible goodwill.

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

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

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

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

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

Income tax credit directly attributable to comprehensive loss for the year

	2023 €000	2022 €000	2021 €000
Current year	168	19,394	16,813
Adjustments in respect of prior years	(419)	(207)	212
Current tax	**(251)**	**19,187**	**17,025**
Deferred tax credit	420	11,802	136
Income tax credit directly attributable to comprehensive loss for the year	**169**	**30,989**	**17,161**

Factors affecting the tax credit for the year

Below is a reconciliation between the accounting profit for the periods presented in the Historical Financial Information year ended 31 March 2023 and the taxable income for corporation tax purposes:

	2023 €000	2022 €000	2021 €000
Loss before tax as shown in the consolidated statement of comprehensive loss	**(198,271)**	**(279,515)**	**(138,684)**
Expenses not deductible for tax purposes:			
Permanent	3,358	14,271	(8,833)
Temporary	(202,478)	149,967	(275,588)
Taxable base (Tax result)	**(397,391)**	**(115,277)**	**(423,105)**
Full tax rate (25%)	99,348	28,819	105,776
Tax credits and tax relief	2,047	4,052	2,422
Income tax credit	**101,395**	**32,871**	**108,198**
Impact of unrecognised deferred tax assets	(101,226)	(1,882)	(91,037)
Income tax credit directly attributable to comprehensive loss for the year	**169**	**30,989**	**17,161**

Taxes (continued)

Deferred tax

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

	€000
1 April 2020	**(15,598)**
Credited to the statement of comprehensive income	136
31 March 2021	**(15,462)**
Credited to the statement of comprehensive income	11,802
31 March 2022	**(3,660)**
Credited to the statement of comprehensive income	420
31 March 2023	**(3,240)**

Deferred tax assets on losses

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

	Amount credited/ (expensed) in the statement of comprehensive loss €000	Gross deferred tax assets €000	Gross deferred tax liability €000	Net recognised deferred tax asset/(liability) €000
1 April 2020	**(4,272)**	**160,585**	**(176,183)**	**(15,598)**
Accelerated tax depreciation	3,495		3,495	3,495
Temporary differences relating to revenue recognition	(5,962)	834	(6,796)	(5,962)
Other temporary differences	2,603	(903)	3,506	2,603
31 March 2021	**136**	**160,516**	**(175,978)**	**(15,462)**
Accelerated tax depreciation	1,134	-	1,134	1,134
Temporary differences relating to revenue recognition	73,562	(1,523)	75,085	73,562
Other temporary differences	(62,894)	(66,343)	3,449	(62,894)
31 March 2022	**11,802**	**92,650**	**(96,310)**	**(3,660)**
Accelerated tax depreciation	285	-	285	285
Temporary differences relating to revenue recognition	9,477	(399)	9,876	9,477
Other temporary differences	(9,342)	(14,485)	5,143	(9,342)
31 March 2023	**420**	**77,766**	**(81,006)**	**(3,240)**

The Group has tax losses of €4,750,456 thousand (2022: €4,673,605 thousand, 2021: €4,316,442 thousand) which are available to offset against the future profits of the Spanish Group subsidiary companies. The losses do not expire. A change in control might impact the use of losses in future years. No deferred tax asset is recognised for these losses due to the trading environment in Spain.

Deferred tax liabilities correspond mainly to accelerated tax depreciation and to revenue recognition temporary differences. Deferred tax assets mainly relate to personnel restructuring provisions and differences between tax and accounting assets depreciation.

7. Loss per share

Basic loss per share is the amount of losses generated for the financial year attributable to equity shareholders divided by the weighted average number of shares in issue during the year.

	2023 €000	2022 €000	2021 €000
(Loss) for basic and diluted losses per share	**(198,102)**	**(248,526)**	**(121,523)**

	2023 thousand	2022 thousand	2021 thousand
Weighted average number of shares	**903,194**	**903,194**	**903,194**

	eurocents	eurocents	eurocents
Basic and diluted loss per share from continuing operations	**(0.22)**	**(0.28)**	**(0.13)**

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.

8. Intangible assets

The statement of financial position contains significant intangible assets, mainly in relation to licences, spectrum and customer-related intangible assets. Licences and spectrum are amortised over the life of the licence, including extensions. Customer-related intangible assets are typically amortised over the life of the contract. For further details see 'Critical accounting judgements and key sources of estimation uncertainty' in Note 1 'Basis of preparation' to the Historical Financial Information.

Accounting policies

Identifiable intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be reliably measured. Identifiable intangible assets are recognised at fair value when the Group completes a business combination. The determination of the fair values of the separately identified intangibles, is based, to a considerable extent, on management's judgement.

Finite lived intangible assets

Intangible assets with finite lives are stated at acquisition or development cost, less accumulated amortisation. The amortisation period and method are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Licence and spectrum fees

Amortisation periods for licence and spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives from the commencement of related network services. The estimated useful lives are 5 – 40 years.

Computer software

Computer software comprises software purchased from third parties as well as the cost of internally developed software. Computer software licences are capitalised based on the costs incurred to acquire and bring into use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and are probable of producing future economic benefits, are recognised as intangible assets. Direct costs of software development include employee costs and directly attributable overheads.

Software integral to an item of hardware equipment is classified as property, plant and equipment.

Costs associated with maintaining software programs are recognised as an expense when they are incurred.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life from the date the software is available for use, being 3 – 5 years.

Intangible assets (continued)

Other intangible assets

Intangible assets, including customer bases, are recorded at fair value at the date of acquisition. Amortisation is charged to the statement of comprehensive income, over the estimated useful lives of intangible assets from the date they are available for use, on a straight-line basis. The amortisation basis adopted for each class of intangible asset reflects the Group's consumption of the economic benefit from that asset.

Customer-related intangible assets

Direct and incremental costs of acquiring or retaining a customer relationship including commissions payable to staff or agents for acquiring or retaining customers on behalf of the Group, are recognised as customer-related intangible assets in the statement of financial position when the related payment obligation is recorded. Costs are amortised over the contract life; typically this is over the customer contract period as new commissions are payable on contract renewal.

	License and spectrum fees €000	Computer software €000	Customer-related intangible assets €000	Other €000	Total €000
Cost					
At 1 April 2020	**1,346,131**	**1,257,749**	**510,979**	**732**	**3,115,591**
Additions	8,514	99,228	365,752	-	**473,494**
Disposals	-	(131,028)	-	-	**(131,028)**
Amounts written down	-	-	**(339,686)**	-	**(339,686)**
At 31 March 2021	**1,354,645**	**1,225,949**	**537,045**	**732**	**3,118,371**
Additions	366,575	117,531	344,923	-	**829,029**
Disposals	-	(540,677)	-	-	**(540,677)**
Other	(75,859)	-	-	-	**(75,859)**
Amounts written down	-	-	**(352,903)**	-	**(352,903)**
At 31 March 2022	**1,645,361**	**802,803**	**529,065**	**732**	**2,977,961**
Additions	8,001	102,308	307,504	-	**417,813**
Disposals	-	(46,374)	-	-	**(46,374)**
Amounts written down	-	-	(361,630)	-	**(361,630)**
At 31 March 2023	**1,653,362**	**858,737**	**474,939**	**732**	**2,987,770**
At 1 April 2020	**(794,615)**	**(1,044,297)**	**(268,620)**	**(256)**	**(2,107,788)**
Charge for the year	(47,627)	(79,779)	(344,488)	(146)	**(472,040)**
Disposals	-	129,836	-	-	**129,836**
Amounts written down	-	-	339,686	-	**339,686**
At 31 March 2021	**(842,242)**	**(994,240)**	**(273,422)**	**(402)**	**(2,110,306)**
Charge for the year	(28,949)	(80,013)	(357,082)	(144)	**(466,188)**
Disposals	-	540,504	-	-	**540,504**
Amounts written down	-	-	352,903	-	**352,903**
At 31 March 2022	**(871,191)**	**(533,749)**	**(277,601)**	**(546)**	**(1,683,087)**
Charge for the year	(52,127)	(97,382)	(339,464)	(146)	**(489,119)**
Disposals	-	46,293	-	-	**46,293**
Amounts written down	-	-	361,630	-	**361,630**
At 31 March 2023	**(923,318)**	**(584,838)**	**(255,435)**	**(692)**	**(1,764,283)**
Net book value					
At 1 April 2020	**551,516**	**213,452**	**242,359**	**476**	**1,007,803**
At 31 March 2021	**512,403**	**231,709**	**263,623**	**330**	**1,008,065**
At 31 March 2022	**774,170**	**269,054**	**251,464**	**186**	**1,294,874**
At 31 March 2023	**730,044**	**273,899**	**219,504**	**40**	**1,223,487**

Intangible assets (continued)

For licences and spectrum fees, computer software, customer-related intangibles and other intangible assets, amortisation is included within the depreciation, amortisation and impairment line within the statement of comprehensive income. Included in the net book value of computer software are assets in the course of construction, which are not amortised, with a cost of €68,311 thousand (2022: €73,046 thousand, 2021: €51,324 thousand).

The Group has recognised as an intangible asset an administrative concession from the Spanish Government amounting to €262,000 thousand, comparable to the financial contribution to the Public Treasury required for the granting of the corresponding authorisation to provide mobile communications services under GSM standards, which is amortised on a straight-line basis from 2003 to 2028, and €174,554 thousand for obtaining the licence to provide the DCS-1800 personal mobile communications service, which is amortised on a straight-line basis from 2003 and the concession period extends to 2030.

In 2000 the company was awarded the administrative concession to operate the third-generation mobile communications service (UMTS), the cost of which was €132,589 thousand, plus the corresponding taxes. The Group started amortising this licence from 2004 and the concession period runs until 2030. The Group has also been awarded concessions for the exclusive use of the public radio spectrum in the 800 MHz and 2.6 GHz bands.

In the 800 MHz band the concession came into use in 2015 and will run until 2031. The activated cost amounted to a total of €458,519 thousand.

In the 2.6 GHz band, the Group holds the 40 MHz usage reserve allocated for €69,480 thousand. It is currently being operated, began to be amortised in 2011 and its concession period runs until 2030.

During the year ended 31 March 2019, the company received the concession for the exclusive use of 90 MHz of the 3.7 GHz band, for the development and operation of the 5G network, the concession period being 20 years. The registration of these concessions amounted to €201,623 thousand. It is currently being operated and began to be amortised in the financial year ended 31 March 2020.

During the year ended 31 March 2022, the Group received the concession for the exclusive use of 700 MHz, for the expansion of 5G services, for a concession period of 20 years, automatically renewable for another 20 years. The registration of these concessions amounted to €350,000 thousand.

The transfer tax (ITP) paid on the licences mentioned in the preceding paragraphs amounts to €81,080 thousand. This amount includes €16,575 thousand paid for the tax levied on the 5G concession for the exclusive use of 700 MHz received in the financial year ended 31 March 2022.

In the year ended 31 March 2022, license and spectrum fees costs amounting to €75,859 thousand were derecognised, as a result of the application of Supreme Court Ruling 51/2022 and subsequent case law. Likewise, €20,743 thousand of amortisation charges of the period were deducted from the amortisation charge of the year.

9. Property, plant and equipment

The Group makes significant investments in network equipment and infrastructure – the base stations and technology required to operate the networks – that form most of the tangible assets. All assets are depreciated over their useful economic lives. For further details on the estimation of useful economic lives, see 'Critical accounting judgements and key sources of estimation uncertainty' in Note 1 'Basis of preparation 'to the Historical Financial Information.

Accounting policies

Land and buildings held for use are stated in the statement of financial position at their cost, less any accumulated depreciation and any accumulated impairment losses.

Amounts for equipment, fixtures and fittings, which includes network infrastructure assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction are carried at cost, less any recognised impairment losses. Depreciation of these assets commences when the assets are ready for their intended use.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. Depreciation is charged to write off the cost of assets, other than land, using the straight-line method, over their estimated useful lives, as follows:

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

Depreciation is not provided on freehold land.

Property, plant and equipment (continued)

Right-of-use assets arising from the Group's lease arrangements are depreciated over their reasonably certain lease term, as determined under the Group's leases policy (see Note 15 'Leases' and 'Critical accounting judgements and key sources of estimation uncertainty' in Note 1 for details).

The gain or loss arising on the disposal, retirement or granting of a finance lease on an item of property, plant and equipment is determined as the difference between any proceeds from sale or receivables arising on a lease and the carrying amount of the asset and is recognised in the statement of comprehensive income.

	Land and buildings €000	Equipment, fixtures and fittings €000	Total €000
Cost			
At 1 April 2020	**322,003**	**10,525,560**	**10,847,563**
Additions	11,861	650,808	662,669
Disposals	(9,986)	(188,761)	(198,747)
At 31 March 2021	**323,878**	**10,987,607**	**11,311,485**
Additions	10,913	557,725	568,638
Disposals	(47,508)	(207,788)	(255,296)
At 31 March 2022	**287,283**	**11,337,544**	**11,624,827**
Additions	5,616	459,681	465,297
Disposals	(7,577)	(260,609)	(268,186)
At 31 March 2023	**285,322**	**11,536,616**	**11,821,938**
Accumulated depreciation and impairment			
At 1 April 2020	**(171,174)**	**(6,383,106)**	**(6,554,280)**
Charge for the year	(9,493)	(763,641)	(773,134)
Disposals	4,621	152,463	157,084
At 31 March 2021	**(176,046)**	**(6,994,284)**	**(7,170,330)**
Charge for the year	(17,850)	(764,526)	(782,376)
Disposals	43,346	188,552	231,898
At 31 March 2022	**(150,550)**	**(7,570,258)**	**(7,720,808)**
Charge for the year	(17,179)	(701,736)	(718,915)
Disposals	4,899	243,944	248,843
At 31 March 2023	**(162,830)**	**(8,028,050)**	**(8,190,880)**
Net book value			
At 1 April 2020	**150,829**	**4,142,454**	**4,293,283**
At 31 March 2021	**147,832**	**3,993,323**	**4,141,155**
At 31 March 2022	**136,733**	**3,767,286**	**3,904,019**
At 31 March 2023	**122,492**	**3,508,566**	**3,631,058**

Included in the net book value of equipment, fixtures and fittings are assets in the course of construction, which are not depreciated, with a cost of €211,045 thousand (2022: €211,142 thousand, 2021: €213,550 thousand). Also included in the book value of equipment, fixtures and fittings are assets leased out by the Group under operating leases, with a cost of €403,548 thousand (2022: €425,541 thousand, 2021: €433,115 thousand), accumulated depreciation of €278,091 thousand (2022: €261,398 thousand, 2021: €223,788 thousand) and net book value of €125,457 thousand (2022: €164,143 thousand, 2021: €209,326 thousand).

Loss on disposals of €12,267 thousand for the year ended 31 March 2023 (2022: €16,819 thousand, 2021: €27,069 thousand) are included within other expenses.

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

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Property, plant and equipment (owned assets)	3,631,058	3,904,019	4,141,155
Right-of-use assets	1,009,553	1,106,444	1,182,697
Total	**4,640,611**	**5,010,463**	**5,323,852**

Additions of €334,279 thousand (2022: €436,515 thousand, 2021: €893,515 thousand), a depreciation charge of €424,600 thousand (2022: €459,251 thousand, 2021: €410,056 thousand) were recorded in respect of right-of-use assets.

10. Trade and other receivables

Trade and other receivables mainly consist of amounts owed to us by customers and amounts that we pay to the suppliers in advance. See Note 15 'Leases' for more information on the Group's leasing activities.

Accounting policies

Trade receivables represent amounts owed by customers where the right to receive payment is conditional only on the passage of time. Trade receivables that are recovered in instalments from customers over an extended period are discounted at market rates and interest revenue is accreted over the expected repayment period. Other trade receivables do not carry any interest and are stated at their nominal value. When the Group establishes a practice of selling portfolios of receivables from time to time these portfolios are recorded at fair value through other comprehensive income; all other trade receivables are recorded at amortised cost.

The carrying value of all trade receivables, contract assets and finance lease receivables recorded at amortised cost is reduced by allowances for lifetime estimated credit losses. Estimated future credit losses are first recorded on the initial recognition of a receivable and are based on the ageing of the receivable balances, historical experience and forward-looking considerations. Individual balances are written off when management deems them not to be collectible.

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Included within non-current assets			
Trade receivables held at fair value through other comprehensive income	49,086	62,631	58,364
Contract assets	47,862	47,672	35,867
Contract-related costs	2,598	2,024	2,243
Other receivables	39,263	12,043	11,317
Prepayments	6,643	7,779	9,156
Total	**145,452**	**132,149**	**116,947**
Included within current assets			
Trade receivables	197,420	188,595	207,508
Trade receivables held at fair value through other comprehensive income	64,425	72,852	74,146
Contract assets	209,749	205,852	195,959
Contract-related costs	6,028	8,579	9,924
Amounts owed by group undertakings	366,334	242,083	438,335
Other receivables	77,172	53,230	30,004
Prepayments	121,299	186,615	103,944
Total	**1,042,427**	**957,806**	**1,059,820**

The Group's trade receivables and contract assets are classified at amortised cost unless stated otherwise and are measured after allowances for future expected credit losses, see Note 17 'Capital and financial risk management' for more information on credit risk.

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

The Group's contract-related costs comprise costs incurred to fulfil customer contracts; an amortisation and impairment expense of €11,208 thousand (2022: €14,621 thousand, 2021: €12,184 thousand) was recognised in operating losses (other expenses) during the year.

11. Trade and other payables

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

Accounting policies

Trade payables are not interest-bearing and are stated at their nominal value.

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Included within non-current liabilities			
Other payables	72	172	338
Accruals	3,010	3,726	4,694
Contract liabilities	44,424	47,749	52,187
Total	**47,506**	**51,647**	**57,219**
Included within current liabilities			
Trade payables	918,680	933,581	977,522
Amounts owed to associates and joint ventures	-	6	5
Other taxes and social security payable	185,988	201,990	211,798
Other payables	3,004	9,523	8,257
Accruals	231,677	336,998	296,088
Contract liabilities	55,814	45,858	50,287
Total	**1,395,163**	**1,527,956**	**1,543,957**

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

Materially all of the contract liabilities outstanding as of 31 March 2023, 2022 and 2021 are recognised as revenue in the following year.

12. Reconciliation of net cash flow from operating activities

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

	Notes	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Loss for the financial year		**(198,102)**	**(248,526)**	**(121,523)**
Financing income	5	(15,685)	(13,053)	-
Financing costs	5	119,377	67,808	78,182
Income tax credit	6	(169)	(30,989)	(17,161)
Operating loss		**(94,579)**	**(224,760)**	**(60,502)**
Adjustments for:				
Share-based payments and other non-cash charges		4,572	4,004	7,196
Depreciation, amortisation and impairment losses	8, 9	1,632,634	1,707,815	1,655,230
Loss on disposal of property, plant and equipment and intangible assets		12,267	16,819	27,069
Decrease/ (increase) in inventory		29,228	(11,666)	10,146
(Increase)/decrease in trade and other receivables	10	(48,833)	(21,935)	17,559
Decrease in trade and other payables	11	(84,813)	(15,778)	(26,364)
Interest received		27,901	5	-
Interest paid		(118,705)	(68,001)	(80,016)
Cash generated by operations		**1,359,672**	**1,386,503**	**1,550,318**
Net tax paid		(388)	27	(262)
Net cash flow from operating activities		**1,359,284**	**1,386,530**	**1,550,056**

13. Provisions

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

Accounting policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. Where the timing of settlement is uncertain undiscounted amounts are classified as non-current as settlement is expected more than 12 months from the reporting date.

Asset retirement obligations

In the course of the Group's activities, a number of sites and other assets are utilised which are expected to have costs associated with decommissioning. The associated cash outflows are substantially expected to occur at the dates of decommissioning of the assets to which they relate and are long term in nature.

Legal and regulatory

The Group is involved in a number of legal and other disputes, including where the Group has received notifications of possible claims. The Directors of the Group, after taking legal advice, have established provisions considering the facts of each case.

Restructuring

The Group undertakes periodic reviews of its operations and recognises provisions as required based on the outcomes of these reviews. The associated cash outflows for restructuring costs are primarily less than one year.

Other

The other provision is related to a litigation with former directors of Vodafone ONO S.A.U. The timing and expected cash outflow of this provision is uncertain and depends upon the outcome of the litigation.

	Asset retirement obligations €000	Legal and regulatory €000	Restructuring €000	Other €000	Total €000
At 1 April 2020	**59,321**	**74,348**	**46,877**	**40,510**	**221,056**
Amounts charged to statement of losses	-	43,086	12,725	-	55,811
Amounts capitalised in the year	11,538	-	-	-	11,538
Utilised in the year – payments	(2,785)	(6,597)	(8,445)	(12,135)	(29,962)
Amounts released to the statement of losses	679	(17,806)	(1,919)	-	(19,046)
Other movements	(5,146)	859	-	4,542	255
At 31 March 2021	**63,607**	**93,890**	**49,238**	**32,917**	**239,652**
Amounts charged to the statement of losses	-	26,121	72,950	-	99,071
Amounts capitalised in the year	10,051	-	-	-	10,051
Utilised in the year – payments	(2,774)	(33,939)	(65,716)	-	(102,429)
Amounts released to the statement of losses	185	(31,672)	(889)	(832)	(33,208)
Other movements	(6,339)	-	-	829	(5,510)
At 31 March 2022	**64,730**	**54,400**	**55,583**	**32,914**	**207,627**
Amounts charged to the statement of losses	-	24,784	25,407	-	50,191
Amounts capitalised in the year	2,135	-	-	-	2,135
Utilised in the year – payments	(4,898)	(16,223)	(23,818)	-	(44,939)
Amounts released to the statement losses	932	(18,416)	(19,131)	(52)	(36,667)
Other movements	(1,827)	2,271	(285)	443	602
At 31 March 2023	**61,072**	**46,816**	**37,756**	**33,305**	**178,949**

Provisions (continued)

Provisions have been analysed between current and non-current as follows:

At 31 March 2023	Asset retirement obligations €000	Legal and regulatory €000	Restructuring €000	Other €000	Total €000
Current	6,860	1,309	20,527	620	29,316
Non-current	54,212	45,507	17,229	32,685	149,633
Total	**61,072**	**46,816**	**37,756**	**33,305**	**178,949**

At 31 March 2022	Asset retirement obligations €000	Legal and regulatory €000	Restructuring €000	Other €000	Total €000
Current	4,728	2,986	27,108	619	35,441
Non-current	60,002	51,414	28,475	32,295	172,186
Total	**64,730**	**54,400**	**55,583**	**32,914**	**207,627**

At 31 March 2021	Asset retirement obligations €000	Legal and regulatory €000	Restructuring €000	Other €000	Total €000
Current	3,633	3,279	19,889	1,454	28,255
Non-current	59,974	90,611	29,349	31,463	211,397
Total	**63,607**	**93,890**	**49,238**	**32,917**	**239,652**

14. Cash and cash equivalents

The Group's cash is held in current bank accounts with no restrictions on use.

Accounting policies

Cash and cash equivalents comprise cash in hand and call deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. All cash and cash equivalents are measured at amortised cost.

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Cash and cash equivalents as presented in the statement of financial position and the statement of cash flows	**4,479**	**4,642**	**6,619**

The carrying amount of balances at amortised cost approximates their fair value.

15. Leases

The Group leases assets from other parties (the Group is a lessee) and also leases assets to other parties (the Group is a lessor). This note describes how the Group accounts for leases and provides details about its lease arrangements.

Accounting policies

As a lessee

When the Group leases an asset, a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any lease payments to be paid over the lease term at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease and less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Group is 'reasonably certain' to exercise any extension options (see below).

The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment (as described in Note 9 'Property, plant and equipment'). If right-of-use assets are impaired, the carrying value is reduced accordingly.
Lease liabilities are initially measured at the value of the lease payments over the lease term that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Group entity (the rate implicit in the lease is used if it is readily determinable). Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

Leases (continued)

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase) or if the Group's assessment of the lease term changes; any changes in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

As a lessor

Where the Group is a lessor, it determines at inception whether the lease is a finance or an operating lease. When a lease transfers substantially all the risks and rewards of ownership of the underlying asset then the lease is a finance lease; otherwise, the lease is an operating lease.

Where the Group is an intermediate lessor, the interests in the head lease and the sub-lease are accounted for separately and the lease classification of a sub-lease is determined by reference to the right-of-use asset arising from the head lease.

Income from operating leases is recognised on a straight-line basis over the lease term. Income from finance leases is recognised at lease commencement with interest income recognised over the lease term.

Lease income is recognised as revenue for transactions that are part of the Group's ordinary activities (primarily leases of handsets or other equipment to customers, leases of wholesale access to the Group's fibre and cable networks and leases of tower infrastructure assets). The Group uses IFRS 15 principles to allocate the consideration in contracts between any lease and non-lease components.

The Group's leasing activities as a lessee

The Group leases buildings for its offices and data centres, space on mobile base stations to place active RAN equipment and network space (primarily rack space or duct space). In addition, the Group leases fibre and other fixed connectivity to provide internal connectivity for the Group's operations and on a wholesale basis from other operators to provide fixed connectivity services to the Group's customers.

The Group's general approach to determining lease term by class of asset is described in Note 1 under critical accounting judgements and key sources of estimation uncertainty.

Most of the Group's leases include future price increases through fixed percentage increases, indexation to inflation measures on a periodic basis or rent review clauses. Other than fixed percentage increases the lease liability does not reflect the impact of these future increases unless the measurement date has passed.

The Group has not separated the embedded non lease components when accounting for tower leases when it is not the anchor tenant, hence all payments due under such lease agreements are reflected as lease obligations and right-of-use assets in the balance sheet. In those cases, in which the Group is the anchor tenant, the non lease component are expected to be paid mainly by the Group and, as a consequence, they have been identified and excluded from the right of use assets and lease obligations. The non-lease component amounts are recognised as expenses when incurred.

The right of use of the sites where the Group is the anchor tenant amounts €371,518 thousand (2022: €436,130 thousand, 2021: €500,742 thousand).

The Group has tripartite contracts with multiple tower companies. In those cases, the cash payments made by each contract participants can be variable, but the total compensation remains the same and as such, independently of the payments the whole compensation for the use of the leases has been recognised as a right of use.

When the unavoidable costs of complying with the obligations involved exceed the economic benefits expected to be received, and the pertinent actions have been taken to avoid this result, the right of use is then impaired.

Optional lease periods

Where practicable the Group seeks to include extension or break options in leases to provide operational flexibility, therefore many of the Group's lease contracts contain optional periods. The Group's policy on assessing and reassessing whether it is reasonably certain that the optional period will be included in the lease term is described in Note 1 'Basis of preparation' under 'critical accounting judgements and key sources of estimation uncertainty'.

After initial recognition of a lease, the Group only reassesses the lease term when there is a significant event or a significant change in circumstances, which was not anticipated at the time of the previous assessment. Significant events or significant changes in circumstances could include merger and acquisition or similar activity, significant expenditure on the leased asset not anticipated in the previous assessment, or detailed management plans indicating a different conclusion on optional periods to the previous assessment. Where a significant event or significant change in circumstances does not occur, the lease term and therefore lease liability and right-of- use asset value, will decline over time.

The Group's cash outflow for leases (including lease interest) in the year ended 31 March 2023 was €514,602 thousand (2022: €548,602 thousand, 2021: €467,771 thousand) and, absent significant future changes in the volume of the Group's activities or strategic changes to use more or fewer owned assets this level of cash outflow from leases would be expected to continue for future periods, subject to contractual price increases.

The future cash outflows included within lease liabilities are shown in the maturity analysis below. The maturity analysis only includes the reasonably certain payments to be made; cash outflows in these future periods will likely exceed these amounts as payments will be made on optional periods not considered reasonably certain at present and on new leases entered in future periods.

Leases (continued)

The Group's leases for customer connectivity are normally either under regulated access or network sharing or similar preferential access arrangements and as a result the Group normally has significant flexibility over the term it can lease such connections for; generally, the notice period required to cancel the lease is less than the notice period included in the service contract with the end customer. As a result, the Group does not have any significant cash exposure to optional periods on customer connectivity as the Group can cancel the lease when the service agreement ends. In some circumstances the Group is committed to minimum spend amounts for connectivity leases, which are included within reported lease liabilities.

Amounts recognised in the primary Historical Financial Information in relation to lessee transactions

Right-of-use assets

The carrying value of the Group's right-of-use assets, depreciation charge for the year and additions during the year are disclosed in Note 9 'Property, plant and equipment'.

Lease liabilities

The Group's lease liabilities are disclosed in Note 16 'Borrowings'. The maturity profile of the Group's lease liabilities is as follows:

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Within one year	375,544	388,100	438,630
In more than one year but less than two years	229,477	227,062	227,257
In more than two years but less than three years	213,180	212,269	207,879
In more than three years but less than four years	195,419	190,303	194,572
In more than four years but less than five years	168,668	172,702	178,741
In more than five years	231,308	354,092	454,506
	1,413,596	**1,544,528**	**1,701,585**
Effect of discounting	(135,215)	(110,245)	(133,717)
Lease liabilities	**1,278,381**	**1,434,283**	**1,567,868**

Interest expense on lease liabilities for the year is disclosed in Note 5 'Net financing costs'.

The Group has no material liabilities under residual value guarantees and makes no material variable payments not included in the lease liability. The Group does not apply either the short term or low value expedient options in IFRS 16.

The Group's leasing activities as a lessor

The Group has a wide range of lessor activities with consumer and enterprise customers, other telecommunication companies and other companies. With consumer and enterprise customers, the Group generates lease income from the provision of handsets, routers and other communications equipment. The Group provides wholesale access to the Group's fibre and cable networks and leases out space on the Group's owned mobile base stations to other telecommunication companies.

Lessor transactions are classified as operating or finance leases based on whether the lease transfers substantially all of the risks and rewards incidental to ownership of the asset. Leases are individually assessed, but generally, the Group's lessor transactions are classified as:

- Operating leases where the Group provides routers or similar equipment to fixed customers; and
- Operating leases where the Group is lessor of space on owned mobile base stations, provides wholesale access to its fibre and cable networks or provides space in their offices.

The Group's income as a lessor in the year is as follows:

	2023 €000	2022 €000	2021 €000
Operating leases			
Lease revenue	44,859	56,188	47,419
Income from leases not recognised as revenue	1,735	1,651	12,342

The Group's net investments in leases are disclosed in Note 10 'Trade and other receivables'.

Leases (continued)

The committed amounts to be received from the Group's operating leases are as follows:

	Maturity						
	Within one year €000	In one to two years €000	In two to three years €000	In three to four years €000	In four to five years €000	In more than five years €000	**Total €000**
31 March 2023							
Committed operating lease payments due to the Group as a lessor	**1,559**	**1,053**	**878**	**798**	**577**	**20**	**4,885**
31 March 2022							
Committed operating lease payments due to the Group as a lessor	**1,564**	**1,189**	**907**	**833**	**782**	**590**	**5,865**
31 March 2021							
Committed operating lease payments due to the Group as a lessor	**1,479**	**1,260**	**1,103**	**856**	**819**	**1,368**	**6,885**

The Group has no material lease income arising from variable lease payments.

16. Borrowings

The Group's sources of borrowing for funding and liquidity purposes come primary from Vodafone Group. Liabilities arising from the Group's lease arrangements are also reported in borrowings; see Note 15 'Leases'.

Accounting policies

Interest-bearing loans and overdrafts are initially measured at fair value (which is equal to cost at inception), and are subsequently measured at amortised cost, using the effective interest rate method. Where they are identified as a hedged item in a designated fair value hedge relationship, fair value adjustments are recognised in accordance with the policy (see Note 17 'Capital and financial risk management'). Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

Borrowings (continued)

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Non-current borrowings	(4,265,488)	(4,249,378)	(3,984,482)
Lease liabilities (Note 15)	(934,390)	(1,059,530)	(1,143,318)
Other borrowings[1]	(3,331,098)	(3,189,848)	(2,841,164)
Current borrowings	(366,985)	(390,546)	(442,487)
Lease liabilities (Note 15)	(343,991)	(374,753)	(424,550)
Other borrowings[1]	(22,994)	(15,793)	(17,937)
Total Borrowings	**(4,632,473)**	**(4,639,924)**	**(4,426,969)**

Note:
1. Includes €146,449 thousand (2022: €155,198 thousand, 2021: €163,748 thousand) of licence and spectrum fees payable in non-current and €11,328 thousand (2022: €10,782 thousand, 2021: €10,704 thousand) within current borrowings.

On 24 September 2015, the Group signed a loan agreement with Vodafone Luxembourg S.à.r.l. for a loan with a €3,000,000 thousand limit, which matured on September 24, 2021, and was extended on 24 March 2021 to September 24, 2022, and was cancelled in advance on 31 March 2022. The balance drawn down on this loan as of 31 March 2021, was €2,679,764 thousand (2020: €2,990,180 thousand), booked under the item non-current Borrowings. The financial charges outstanding as of 31 March 2022 and 31 March 2021 are booked under Current Borrowings. The average interest accrued was 0.42% in the year ended 31 March 2022 (2021: 0.46%, 2020: 0.55%).

On 27 July 2021, the Group signed a €300,000 thousand loan with Vodafone Luxembourg S.à.r.l. for the acquisition of Vodafone España, S.A.U. of the concession for the exclusive use of 700 MHz for the expansion of 5G services. It was due to expire on 23 September 2022 and was cancelled early on 31 March 2022. The financial charges outstanding as of 31 March 2022 are booked under Current Borrowings. The average interest accrued was 0.13% in the year ended 31 March 2022.

On 31 March 2022, the Group formalised a new loan with Vodafone Luxembourg S.à.r.l. with a limit of €3,300,000 thousand, maturing on 31 March 2027. The balance drawn down on this loan as of 31 March 2023, was €3,184,649 thousand (2022: €3,034,649 thousand), booked under the item Non-current Borrowings. The financial charges outstanding as of 31 March 2023 and 2022, are booked under Current Borrowings. The average interest accrued was 2.45% in the year ended 31 March 2023 (2022: 1.26%).

On 24 June 2020, the Vodafone Group Plc through its subsidiary Vodafone Europe, B.V., decided to make a contribution of €3,500,000 thousand to the Group's equity in order to re-establish the balance between capital and equity, which had been reduced by losses. On the same date, Vodafone Holdings Europe, S.L.U. repaid the total amount drawn down on the loan received from Vodafone Investments Luxembourg, S.à.r.l. dated 24 September 2015 and maturing on 24 September 2020, amounting to €2,974,611 thousand (the average interest accrued was 0.39% in the year ended 31 March 2021 (2020: 0.35%) as well as loans with Vodafone Luxembourg S.à.r.l. dated 24 September 2015 for the entire amount drawn down, €227,746 thousand for the loan maturing on 24 September 2020 (the average interest accrued was 0.32% in the year ended 31 March 2021 (2020: 0.42%), and partial early repayment of the amount drawn down of €297,644 thousand for the loan maturing on 24 September 2022.

On 31 March 2023, the Group signed a new loan with Vodafone Luxembourg S.à.r.l. with a limit of €300,000 thousand, maturing on 31 March 2028, which accrues a Euribor-indexed floating interest rate plus 1.49%. There is no balance drawn down on this loan as of 31 March 2023.

17. Capital and financial risk management

This note details the treasury management and financial risk management objectives and policies, as well as the exposure and sensitivity of the Group to credit, liquidity, interest and foreign exchange risk, and the policies in place to monitor and manage these risks.

Accounting policies

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Capital and financial risk management (continued)

Sale of trade receivables

During the year, the Group sold certain trade receivables to another Vodafone Group entity. Whilst there are no repurchase obligations in respect of these receivables, the Group provided credit guarantees which would only become payable if default rates were significantly higher than historical rates. The credit guarantee is not considered substantive and substantially all risks and rewards associated with the receivables passed to the purchaser at the date of sale, therefore the receivables were derecognised. Trade receivables sold as of 31 March 2023 was €153,468 thousand (2022: €142,873 thousand, 2021: €109,072 thousand).

Financial risk management

The Group's activities expose it to various financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. The Group's Financial risk management policies seek to reduce the Group's exposure to any future disruption to financial markets, including any future impacts from COVID or other macro economic events.

The Group has policies in place to control the exposure to market, credit and liquidity risks.

Market risk

Exchange rate risk

Exchange rate risk arising from financial assets or liabilities of a monetary nature and denominated in a currency other than the Group's functional currency.

As of 31 March 2023, 2022 and 2021, there are no significant financial liabilities denominated in a currency other than the euro and no derivative financial instruments contracted by the Group.

Cashflow interest rate risk

The Group's interest rate risk arises from the borrowed funds. Borrowings issued at floating rates expose the Group to cashflow interest rate risks.

As of 31 March 2023, the Group's exposure to cash flow interest rate risk is mainly due to the debt with Vodafone Luxembourg, S.à.r.l., a Vodafone Group undertaking, amounting to €3,196,405 thousand (31 March 2022: €3,039,659 thousand, 31 March 2021: €2,684,649 thousand with Vodafone Investments Luxembourg S.à.r.l) which accrues a Euribor-indexed floating interest rate plus a margin. Management of cash flow interest rate risk is centralised in the Vodafone Group. It also includes third-party debt for the concession for the private use of radio spectrum granted in the year ended 31 March 2019, in the amount of €146,499 thousand as of 31 March 2023 (31 March 2022: €155,198 thousand, 31 March 2021: €163,748 thousand) which accrues a fixed interest rate.

Credit risk

The Group's main financial assets are balances of cash and cash equivalents, trade and other accounts receivable, which represent the Group's greatest exposure to credit risk in relation to financial assets.

The Group's credit risk is mainly attributable to its trade accounts payable. Most of its customers are retail businesses, although it also has corporations and other operators as customers.

The credit risk arises because the Group might not recover the carrying amount of the financial assets or recover them on time. Group Management believes that the carrying amount of the accounts receivable and other receivables is approximately the same as their fair value.

The amounts shown on the balance sheet are net of allowances for uncollectible amounts. It is the Group's policy to regularly and systematically assess the risk of insolvency of its customers' receivables in order to record the appropriate provisions in the statement of comprehensive income and assess the appropriateness of correcting the level of credit allowed to customers (in this regard, the Group has in place restrictive credit scoring procedures prior to the opening of new accounts).

With respect to the credit risk arising from cash and cash equivalents, the Group only works with reputable financial institutions that have a high credit rating.

Expected credit loss

The Group has financial assets classified and measured at amortised cost and fair value through other comprehensive income that are subject to the expected credit loss model requirements of IFRS 9.

Cash at bank and in hand are both classified and measured at amortised cost and subject to impairment requirements. However, the identified expected credit loss is considered to be immaterial.

Capital and financial risk management (continued)

Information about expected credit losses for trade receivables (amortised cost and fair value) and contract assets is detailed below:

	Total €000
At 1 April 2020	**184,578**
Amounts charged to credit losses on financial assets	125,855
Write-offs and other movements	(90,716)
At 31 March 2021	**219,717**
Amounts charged to credit losses on financial assets	115,484
Write-offs and other movements	(94,681)
At 31 March 2022	**240,520**
Amounts charged to credit losses on financial assets[1]	34,862
Write-offs and other movements	(62,336)
At 31 March 2023	**213,046**

Note:
1. The Group started a process to increase the recoverability of bad debt accounts, this led to the recognition of a lower bad debt provision amounting €62.9 thousand in that fiscal year.

Expected credit losses are presented within operating losses and subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk

For the purpose of ensuring liquidity and enabling it to meet all the payment obligations arising from its business activities, the Group has the cash and cash equivalents disclosed in its balance sheet, together with the credit and financing facilities granted by the Vodafone Group.

The Group maintains cash and cash equivalents which at 31 March 2023 amounted to cash €4.5 million (2022: €4.6 million, 2021: €6.6 million) and undrawn committed facilities with different financial institutions of €35.5 million (2022: €35.5 million, 2021: €35.5 million). The Group manages liquidity risk on non-current borrowings by maintaining a varied maturity profile with a cap on the level of debt maturity in any one calendar year, therefore minimising refinancing risk. Non-current borrowings mature between one and more than five years.

The maturity profile of the anticipated future cash flows in relation to the Group's financial liabilities ('other borrowings') on an undiscounted basis which, therefore, differs from both the carrying value and fair value, is as follows:

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Within one year	22,994	15,793	17,937
In more than one year but less than two years	12,397	12,397	2,692,161
In more than two years but less than three years	12,397	12,397	12,397
In more than three years but less than four years	3,197,047	12,397	12,397
In more than four years but less than five years	12,397	3,047,043	12,397
In more than five years	123,969	136,370	148,767
	3,381,201	**3,236,397**	**2,896,056**
Effect of discounting	(27,109)	(30,756)	(36,955)
Other borrowings (Note 16)	**3,354,092**	**3,205,641**	**2,859,101**

Capital and financial risk management (continued)

Changes in assets and liabilities arising from financing activities

	Lease liabilities €000	Other liabilities €000	Assets and liabilities arising from financing activities €000
At 1 April 2020	**864,913**	**6,409,966**	**7,274,879**
Cash movements			
Lease payments	(442,132)	-	(442,132)
Net movements in loans due to related parties	-	(3,536,932)	(3,536,932)
Repayment of other borrowings	-	(8,161)	(8,161)
Interest paid	(25,639)	(48,018)	(73,657)
Non-cash movements			
Interest costs	28,807	43,016	71,823
Net lease additions	1,117,377	-	1,117,377
Transfer to held for sale	24,542	(770)	23,772
At 31 March 2021	**1,567,868**	**2,859,101**	**4,426,969**
Cash movements			
Lease payments	(515,629)	-	(515,629)
Net movements in loans due to related parties	-	355,007	355,007
Repayment of other borrowings	-	(8,353)	(8,353)
Interest paid	(32,973)	(32,688)	(65,661)
Non-cash movements			
Interest costs	32,899	32,574	65,473
Net lease additions	382,118	-	382,118
At 31 March 2022	**1,434,283**	**3,205,641**	**4,639,924**
Cash movements			
Lease payments	(483,220)	-	(483,220)
Net movements in loans due to related parties	-	156,659	156,659
Repayment of other borrowings	-	(8,549)	(8,549)
Interest paid	(31,382)	(82,701)	(114,083)
Non-cash movements			
Interest costs	31,801	83,042	114,843
Net lease additions	326,899	-	326,899
At 31 March 2023	**1,278,381**	**3,354,092**	**4,632,473**

Fair value and carrying value information

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 carrying value and valuation basis of the Group's financial assets are set out in Note 10 'Trade and other receivables' and 14 'Cash and cash equivalents'. For all financial assets held at amortised cost the carrying values approximate fair value.

The carrying value and valuation basis of the Group's financial liabilities are set out in Note 11 'Trade and other payables' and 16 'Borrowings'. The carrying values approximate fair value for the Group's trade payables and other payables categories.

Bank guarantees

Bank guarantees for €122,551 thousand as of 31 March 2023 (2022: €126,148 thousand, 2021: €154,376 thousand) have been provided to secure compliance with certain financial, operational and technical commitments entered into with the Ministry of Industry, Trade and Tourism, local councils and other public entities.

Consolidated guarantees amount as of 31 March 2023 comprise: Vodafone España S.A.U. for €90,062 thousand (2022: €76,257 thousand, 2021: €73,223 thousand), Vodafone ONO S.A.U. for €32,259 thousand (2022: €49,891 thousand, 2021: €81,153 thousand) and Vodafone Energía S.L.U for €230 thousand (2022: nil, 2021: nil).

18. Directors' compensation

The key management personnel of the Group are considered to be the Vodafone Holding Europe S.L.U. directors.

The aggregate emoluments of the directors of Vodafone Holding Europe S.L.U. were as follows:

	2023 €000	2022 €000	2021 €000
Salaries and fees	2,036	2,884	1,966
Incentive schemes	1,412	894	677
Total	**3,448**	**3,778**	**2,643**

19. Corporate costs

This note shows the average number of people employed by the Group during the year and in which areas of the business employees work. It also shows total employment costs.

	2023 Employees	2022 Employees	2021 Employees
By activity			
Executives	85	83	82
Middle management	546	569	561
Other line and departmental support personnel	3,378	3,560	3,600
Total	**4,009**	**4,212**	**4,243**

The cost incurred in respect of these employees (including Directors) was:

	2023 €000	2022 €000	2021 €000
Wages and salaries	207,063	215,200	216,359
Social security costs	58,601	57,695	56,382
Other pension costs	6,681	6,751	6,248
Share-based payments	4,700	3,524	6,882
Restructuring costs	(19,077)	64,024	(3,552)
Total	**257,968**	**347,194**	**282,319**

20. Share-based payments

Vodafone Group Plc has a number of share plans used to award shares to Executive Directors and employees as part of their remuneration package. A charge is recognised over the vesting period in the consolidated statement of comprehensive income to record the cost of these, based on the fair value of the award on the grant date.

Accounting policies

Vodafone Plc issues equity-settled share-based awards to certain employees. Equity-settled share-based awards are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based award is expensed on a straight-line basis over the vesting period, based on Vodafone Group Plc's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding increase in additional paid-in capital is also recognised. Payments made to Vodafone Group Plc. are debited to equity.

Some share awards have an attached market condition, based on total shareholder return ('TSR'), which is considered when calculating the fair value of the share awards. The valuation for the TSR is based on Vodafone's ranking within the same group of companies, where possible, over the past five years.

The fair value of awards of non-vested shares is a calculation of the closing price of Vodafone Group Plc's shares. shares on the day prior to the grant date, adjusted for the present value of the delay in receiving dividends where appropriate.

The maximum aggregate number of ordinary shares which may be issued in respect of share options or share plans will not (without shareholder approval) exceed:

- 10% of the ordinary share capital of Vodafone Group Plc in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten-year period under all plans; and
- 5% of the ordinary share capital of Vodafone Group Plc in issue immediately prior to the date of grant, when aggregated with the total number of ordinary shares which have been allocated in the preceding ten-year period under all plans, other than any plans which are operated on an all-employee basis.

21. Disposals

Assets and liabilities classified as held for distribution to owners on 1 April 2020 were disposed on 25 September 2020, through the disposal of Vantage Towers S.L.U.

The carrying amounts of assets and liabilities disposed by the Group as at the date of distribution were:

	September 2020 €000
Assets classified as held for distribution to owners	
Property, plant and equipment	348,138
Other accounts receivables	36,493
Trade receivables (current)	20,902
Trade receivables (non-current)	4,291
Cash and cash equivalents	70
Total assets of disposal group held for distribution to owners	**409,894**
Liabilities classifies as held for distribution to owners	
Long term borrowings (non-current)	175,484
Short term borrowings (current)	63,453
Trade payables (current)	27,113
Provisions (current)	1,098
Provisions (non-current)	32,574
Total liabilities of disposal group held for distribution to owners	**299,722**
Net assets held for distribution to owners	**110,172**

The property, plant and equipment assets disposed in the carve-out of Vantage Towers included mobile base station towers which were agreed to be leased back for eight years. The lease agreement includes an option to extend the original lease period for a further eight years, which can be renewed for three further renewal terms of the same period. These mobile base stations had a net book value of €64 million the date of disposal and had associated a right-of use asset related to site leases of €258 million and an asset of retirement obligation of €26 million.

The following disposed assets have been retained through a leaseback transaction:

	September 2020 €000
Station towers	64,134
Site leases	257,804
Asset for the retirement obligation	26,200
Total sold assets at carrying value	**348,138**
Station towers	360,882
Site leases	246,330
Asset for the retirement obligation	26,200
Total sold assets at fair value	**633,412**
Pre-restriction gain arising on disposal	**285,274**
Gain to be restricted (84.2%)	**240,072**

The fair value of the assets agreed to be leaseback is €633,412 thousand. The fair value of station towers was estimated by an independent specialist using the cost method of valuation at the date of the transaction. The fair value of site leases was measured considering the present value of the future lease payments under the agreement. Therefore, a total gain on disposal of €285,274 thousand was calculated as a result of the disposal; €240,072 thousand of this gain, reflecting the gain on the proportion of sold towers that has been retained through the leaseback, has been recorded as a reduction in the value of the right-of-use asset recognised for the leaseback of tower space and will be realised as a reduction in depreciation over the lease term (see Note 1.1.2 Lease accounting). This amount was reduced from the gain recorded in Accumulated profit.

The assets and liabilities measured at fair value were disposed as dividends of an amount of €974,000 thousand to be distributed to owners, this amount was equivalent to the value in use of Vantage Towers as of September 2020. The dividend was paid to the shareholders in kind with shares in Vantage Towers.

Disposals (continued)

	September 2020 €000
Net assets held for distribution	(110,172)
Dividend paid in kind	974,000
Net assets distributed to owners	**863,828**

This transaction is between entities under common control and it's outside the scope of the IFRIC 17 'Distributions of Non-cash Assets to Owners'. The Group has to make an accounting policy choice. Given the transaction happened between entities under common control, the Group applied the accounting policy to recognise the gain of €863,828 thousand for the appraisal of the net assets of Vantage in Accumulated profit.

22. Commitments

A commitment is a contractual obligation to make a payment in the future, mainly in relation to agreements to buy assets such as mobile devices, network infrastructure and IT systems and leases that have not commenced. These amounts are not recorded in the consolidated statement of financial position since we have not yet received the goods or services from the supplier. The amounts below are the minimum amounts that we are committed to pay.

Capital commitments

	2023 €000	2022 €000	2021 €000
Contracts placed for future capital expenditure not provided in the Historical Financial Information[1]	137,184	147,817	195,743

Note:
[1] Commitment includes contracts placed for property, plant and equipment and intangible assets.

23. Related party transactions and balances

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

	31 March 2023 €000	31 March 2022 €000	31 March 2021 €000
Transactions with related parties			
Sales of goods and services	216,845	227,357	172,778
Purchase of goods and services	(828,091)	(941,378)	(935,996)
Operating expense (non-lease component)	(43,914)	(43,914)	(21,957)
Financing income	1,018	156	141
Financing costs	(80,329)	(29,354)	(40,202)
Right-of-use assets additions [1]	-	-	533,047
Purchases of tangible and intangible assets	(25,344)	(21,267)	(20,829)
Balances with related parties			
Trade balances owed:			
by related parties	40,402	37,462	44,110
to related parties	(194,209)	(137,090)	(175,514)
Lease	(528,078)	(612,467)	(694,786)
Other balances owed:			
by related parties	366,334	242,083	438,335
to related parties	(3,196,405)	(3,039,656)	(2,684,649)

Note:

1 The Right-of-use assets additions does not include any gain on disposal of leased assets impact.

Sale of trade receivables

During the year, the Group sold certain trade receivables to another Vodafone Group entity. Whilst there are no repurchase obligations in respect of these receivables, the Group provided credit guarantees which would only become payable if default rates were significantly higher than historical rates. The credit guarantee is not considered substantive and substantially all risks and rewards associated with the receivables passed to the purchaser at the date of sale, therefore the receivables were derecognised. Receivables sold as of 31 March 2023 was €153,468 thousand (2022: €142,873 thousand, 2021: €109,072 thousand).

Related party transactions and balances (continued)

Transactions with Directors other than compensation

During the three years ended 31 March 2023 and as of the date of issuance of the 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 years ended 31 March 2023 and as of the date of issuance of the 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.

24. Related undertakings

A full list of subsidiaries is detailed below. No subsidiaries are excluded from the Group consolidation. Unless otherwise stated the Group's subsidiaries all have share capital consisting solely of ordinary shares. The percentage held by Group companies reflect both the proportion of nominal capital and voting rights.

Subsidiary accounting policies

A subsidiary is an entity directly or indirectly controlled by the Group. Control is achieved where the company has existing rights that give it the current ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the Historical Financial Information of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The financial statements of the parent and its subsidiaries used in the preparation of the Historical Financial Information have the same reporting date.

In September 2022, a restructuring process was carried out within the Group where two subsidiaries, Vodafone España and Vodafone Enabler España, merged with Vodafone España as the surviving legal entity in the merger.

Company	Line of Business	Address[1]	Direct interest % 31 March			Indirect interest % 31 March		
			2023	2022	2021	2023	2022	2021
Vodafone España, S.A.U.	Telecommunications	Madrid	100	100	100	-	-	-
Vodafone Enabler España, S.L.	Telecommunications	Madrid	-	90	90	-	10	10
Vodafone ONO, S.A.U.	Telecommunications	Madrid	100	100	100	-	-	-
Vodafone Servicios, S.L.U.	Provision of services to group undertakings	Madrid	100	100	100	-	-	-
Vodafone Energía, S.L.U.[2]	Electric power business	Madrid	100	100	-	-	-	-

Notes:
1 The registered address of these companies is Avenida de América, 115, Madrid, Spain.
2 Vodafone Energía, S.L.U.was incorporated on 8 June 2021.

25. Subsequent events

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 optimise 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.

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 31 March 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.

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Zegona Finance plc

€1,300,000,000 6.750% Senior Secured Notes due 2029

$900,000,000 8.625% Senior Secured Notes due 2029

guaranteed on a senior secured basis by

Zegona Holdco Limited

and certain of its subsidiaries

OFFERING MEMORANDUM

July 22, 2024