ZEGONA
COMMUNICATIONS PLC

Unaudited Company Financial Statements

For the eight months and 17 days ended 17 September 2021

Registered No. 09395163

Statement of Directors' Responsibility

We confirm to the best of our knowledge that the unaudited company interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Neither the Company nor the directors accept any liability to any person in relation to the interim financial report except to the extent that such liability could arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A and schedule 10A of the Financial Services and Markets Act 2000.

Details on the Company's Board of Directors can be found on the Company website at www.zegona.com.

By order of the Board
Eamonn O'Hare
Chairman and CEO
1 October 2021

		For the eight months and 17 days ended 17 September	
		Unaudited	**Unaudited**
		2021	**2020**
	Note	**€000**	**€000**
Continuing operations			
Administrative and other operating expenses:			
Corporate costs		(1,190)	(1,459)
Significant project costs		(754)	(21)
Operating loss		**(1,944)**	**(1,480)**
Finance income	4	136	13
Finance costs	4	(374)	(432)
Dividend from subsidiary	9	415,864	-
Impairment of investment in subsidiary	9	(279,972)	-
Net foreign exchange gains		(68)	1,174
Profit/(Loss) for the period before income tax		**133,642**	**(725)**
Income tax expense		-	-
Profit/(Loss) for the period from continuing operations		**133,642**	**(725)**
Discontinued operation			
(Loss)/Profit for the period from discontinued operation	6	**(23)**	**1,125**
Profit for the period attributable to equity holders of the parent		**133,619**	**400**
		€	**€**
Earnings per share – total operations			
Basic and diluted earnings per share attributable to ordinary equity holders of the parent		0.61	0.002
Earnings per share – continuing operations			
Basic and diluted earnings per share attributable to ordinary equity holders of the parent		0.61	(0.003)

The accompanying notes are an integral part of the unaudited company interim financial statements.

		For the eight months and 17 days ended 17 September	
		Unaudited	**Unaudited**
		2021	**2020**
	Note	**€000**	**€000**
Profit for the period		**133,619**	**401**
Other comprehensive loss – items that will or may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	11	15,585	(18,072)
Exchange differences arising from discontinued operation	6	204	(2,261)
Total comprehensive income for the period, net of tax, attributable to equity holders of the parent		**149,408**	**(19,932)**

The accompanying notes are an integral part of the unaudited company interim financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited As at 17 September 2021 €000	Audited As at 31 December 2020 €000
Assets			
Non-current assets			
Property, plant and equipment		35	12
Investment in subsidiary	9	14,200	252,322
Interest in associate	6	-	32,194
		14,235	**284,528**
Current assets			
Derivatives		-	39
Prepayments and other receivables	5	233	183
Cash and cash equivalents		3,769	15,149
Restricted cash	7	385,795	-
		389,797	**15,371**
Total assets		**404,032**	**299,899**
Equity and liabilities			
Equity			
Share capital		2,821	2,821
Other reserves	12	277,474	289,643
Share-based payment reserve	12	-	694
Foreign currency translation reserve	12	(63,479)	(79,268)
Retained earnings	12	186,024	52,510
Total equity attributable to equity holders of the Parent		**402,840**	**266,400**
Current liabilities			
Accruals and other payables	10	1,192	22,528
Bank borrowings	9	-	10,971
		1,192	**33,499**
Total liabilities		**1,192**	**33,499**
Total equity and liabilities		**404,032**	**299,899**

The accompanying notes are an integral part of the unaudited company interim financial statements.

The financial Statement of Zegona Communications plc (registered number 09395163) were approved by the Board of Directors on 1 October 2021 and were signed on its behalf by:

Eamonn O'Hare
Director

Robert Samuelson
Director

ZEGONA COMMUNICATIONS PLC
COMPANY STATEMENT OF CHANGES IN EQUITY

ZEGONA
COMMUNICATIONS PLC

	Note	Share capital	Other Reserves	Share-based payment reserve	Foreign currency translation reserve	Retained earnings	Total equity
		€000	€000	€000	€000	€000	€000
Balance at 1 January 2021		2,821	289,643	694	(79,268)	52,510	**266,400**
Profit for the period		-	-	-	-	133,619	**133,619**
Other comprehensive income	12	-	-	-	15,789	-	**15,789**
Reclassification of incentive arrangements	11	-	-	(694)	-	(105)	**(799)**
Dividend paid	13	-	(12,169)	-	-	-	**(12,169)**
Balance at 17 September 2021 (unaudited)		**2,821**	**277,474**	**-**	**(63,479)**	**186,024**	**402,840**
Balance at 1 January 2020		**2,855**	**304,556**	**-**	**(63,686)**	**52,186**	**295,911**
Profit for the period		-	-	-	-	401	**401**
Other comprehensive loss		-	-	-	(20,334)	-	**(20,334)**
Cancellation of shares purchased		(34)	(3,565)	-	-	-	**(3,599)**
Redemption of Management Shares		-	-	497	-	-	**497**
Dividend paid		-	(11,348)	-	-	-	**(11,348)**
Balance at 17 September 2020 (unaudited)		**2,821**	**289,643**	**497**	**(84,020)**	**52,587**	**261,528**

The accompanying notes are an integral part of the unaudited company interim financial statements.

		For the eight months and 17 days ended 17 September	
		Unaudited	Unaudited
		2021	2020
		€000	€000
Operating activities			
Profit before income tax		**133,642**	**(725)**
Adjustments to reconcile profit before income tax from continuing operations to operating cash flows:			
Depreciation of property, plant and equipment		9	2
Net foreign exchange gains		68	1,174
Finance income	4	(136)	(13)
Finance costs	4	374	432
Impairment of investment in subsidiary	9	279,972	-
Working capital adjustments:			
(Increase) in trade and other receivables		(50)	(25)
(Decrease)/increase in trade and other payables		(21,275)	5,104
Interest received		-	13
Interest paid		(272)	(338)
Net cash flows from operating activities		**392,332**	**5,624**
Investing activities			
Purchase of property, plant and equipment		(32)	(9)
Purchases of interest in associate		-	(1,690)
Net cash flows (used in) investing activities		**(32)**	**(1,699)**
Net cash flows from discontinued operating activities	6	**543**	**1,172**
Financing activities			
Dividend paid to shareholders	13	(12,169)	(11,348)
Cancellation of shares purchased		-	(3,599)
Net payment of loans and borrowings		(11,133)	-
Proceeds from issue of shares, net of directly attributable costs		-	-
Net cash flows (used in) financing activities		**(23,302)**	**(14,947)**
Net increase/(decrease) in restricted cash and cash equivalents		369,541	(9,850)
Net foreign exchange differences		4,874	(1,155)
Cash and cash equivalents at 1 January		15,149	26,023
Restricted cash and cash equivalents and at 17 September		**389,564**	**15,018**

The accompanying notes are an integral part of the unaudited company interim financial statements.

1. GENERAL INFORMATION

The unaudited company interim financial statements of Zegona Communications plc (the "**Company**") for the eight months and 17 days ended 17 September 2021 (the "**Interim Financial Statements**") were authorised for issue in accordance with a resolution of the Directors on 1 October 2021. The Company is incorporated and domiciled in England and has its registered office at 8 Sackville St, Mayfair, London W1S 3DG.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and are presented on a condensed basis. The Interim Financial Statements do not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006 (the "**Companies Act**").

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2020 which are available on the Company's website, www.zegona.com. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative figures as at 31 December 2020 and for the eight months and 17 days ended 17 September 2020 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006

(b) Going concern

The Interim Financial Statements have been prepared on the going concern basis, which the directors consider to be appropriate for the reasons outlined below.

The Company's Directors have assessed the going concern assumptions during the preparation of the Company Financial Statements. There are no events or conditions that give rise to doubt the ability of The Company to continue as a going concern for a period of twelve months after the preparation of the Company Financial Statements. The assessment includes the review of The Company cashflow forecast and budget, which included considerations on expected developments in liquidity, debt and capital as well as the potential impact of the on-going COVID-19 pandemic. The Directors have also considered sensitivities in respect of potential downside scenarios in concluding that the Company is able to continue in operation for a period of at least twelve months from the date of approving the Company Financial Statements.

Following the sale of the investment in Euskaltel held by its subsidiary, Zegona Limited, the sale of Zegona Limited's rights to receive contingent consideration from Euskaltel and the repayment of its outstanding debt, the Company meets its day to day working capital requirements from cash balances held in both the Company and Zegona Limited. Following the anticipated return of £329.3 million of capital, the anticipated payment of £25.7 million to management by Zegona Limited under the terms of the incentive scheme and the anticipated subscription for £2.6 million of new Company shares by management – all in October 2021 – the Company anticipates that between it and Zegona Limited it will have approximately £9.6 million of cash with approximately £0.6m of liabilities. Following these transactions, the Company will continue to execute its buy-fix-sell strategy across the European TMT sector.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these Interim Financial Statements, which indicate that, taking account of reasonably possible downsides, including possible impacts of the Covid-19 outbreak, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Accordingly, the Directors have continued to adopt the going concern basis in preparing the Interim Financial Statements.

(c) New standards, interpretations and amendments adopted by the Company
The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of The Company's annual consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU"), and with those parts of the Companies Act 2006 as applicable to companies reporting under international accounting standards. the Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, amendments and interpretations effective and adopted by the Company:
The accounting policies adopted in the presentation of the Interim Financial Statements reflect the adoption of the following amendments for annual periods beginning on or after 1 January 2021, none of which had a material effect on the Company.

Standard	Effective date
Amendments to IFRS 9, IAS 39 and IFRS 7- Phase 2- Interest Rate Benchmark Reform	1 January 2021

(d) Critical accounting judgements and estimates
The preparation of the Interim Financial Statements requires the Directors to consider estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

With the exception of the classification of the investment in Euskaltel as an asset held for sale and a discontinued operation for the period to 2 March 2021, there have been no material changes to the significant judgements and estimates made by the Directors as at and for the year ended 31 December 2020. The main judgements and estimates used by the Directors in applying the accounting policies of Zegona that had the greatest impact on the Interim Financial Statements are the impairment of the investment in Zegona Limited (see note 9).

3. SEGMENT INFORMATION
Since the disposal of the Company's investment in Euskaltel to its subsidiary, Zegona Limited on 2 March 2021, the Company is now organised as a single operating segment. Information about the financial position and performance of the operating segment is the same as that for the company as a whole except for discontinued operations and assets held for sale.

4. FINANCE INCOME AND COSTS

	Note	For the 8 months and 17 days ended 17 September 2021 €000	2020 €000
Gain on fair value of financial instruments		136	-
Bank interest		-	13
Finance income		**136**	**13**
Interest on bank borrowings	8	374	432
Finance costs		**374**	**432**

5. FINANCIAL INSTRUMENTS

The classification by category of the financial instruments held by the Company is as follows:

	Fair Value 2021 €000	Amortised costs 2021 €000	Fair Value 2020 €000	Amortised costs 2020 €000
Prepayments and other receivables	-	233	-	183
Derivatives (Level 2)	-	-	39	-
Restricted cash	-	385,795	-	-
Cash and cash equivalents	-	3,769	-	15,149
Total current financial assets	**-**	**389,797**	**39**	**15,332**
Accruals and other payables	-	1,193	-	22,528
Bank borrowings	-	-	-	10,971
Total current financial liabilities	**-**	**1,193**	**-**	**33,499**

The Directors consider that the carrying amounts of the financial instruments measured at amortised cost equate to their fair values.

6. DISCONTINUED OPERATIONS AND INVESTMENT IN ASSOCIATE

Until 2 March 2021, the Company owned 3,878,965 shares (2020: 3,878,965) in Euskaltel S.A. ("Euskaltel"), a Spanish telecommunications company incorporated in Spain and operating in the Basque Country, Asturias and Galicia under regional brands and nationally across Spain under the Virgin telco brand. As part of an internal reorganisation of its holdings, the Company contributed these to its subsidiary, Zegona Limited in exchange for one Ordinary Share of Zegona Limited on 2 March 2021.

In combination with 34,418,721 shares held by the Company's subsidiary, Zegona Limited, while it still owned these shares, the Company controlled approximately 21.44% (31 December 2020: 21.44%) of the ordinary shares and voting rights of Euskaltel. This gave the Company the ability to exercise significant influence in Euskaltel and meant it accounted for its investment as an associate throughout 2020 and for the period between 1 January 2021 and 2 March 2021.

On 29 March 2021, the Company announced that a subsidiary of MásMóvil Ibercom, S.A.U ("MásMóvil"), the Spanish fourth national operator, had launched a Tender Offer to acquire all of the outstanding shares of

Euskaltel for €11.17 per share. The offer price was subsequently adjusted to €11.00 per share following the payment by Euskaltel of a €0.17 per share dividend on 17 June, 2021. The tender offer was declared unconditional with a 97.67% acceptance rate on 5 August 2021 and the Company successfully tendered all of its shares, receiving €421.3 million on 11 August 2021. Eamonn O'Hare, the Company's Chairman and Chief Executive Officer and Robert Samuelson, the Company's Chief Operating Officer resigned as directors of Euskaltel on 10 August, 2021.

From 28 March 2021, the Company concluded that the two conditions for classifying the investment as an asset held for sale in paragraph 7-10 of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* had been met. Accordingly, the following reclassifications were made:

- €23 thousand representing the Company's share of Euskaltel's loss for the period to 2 March 2021 was recognised within loss for the period from discontinued operations.
- €1.1 million representing the Company's share of Euskaltel's profit for the eight months and 17 days to 17 September 2021 was recognised within loss for the period from discontinued operations in the comparative period.

7. RESTRICTED CASH

In connection with the proposed tender offer (see note 12), on 24 August 2021, the Company entered into an Escrow Agency Agreement (the "Escrow Agreement") with Canaccord Genuity Limited, the Company's broker ("Cannacord"), and HSBC Bank plc ("HSBC"). Under the terms of the Escrow Agreement, the Company has deposited £329.3 million (equivalent to €385.8 million) into an escrow account to fund the purchase of shares under the tender offer. The cash in the Escrow account can only be withdrawn with the written consent of both Cannacord and the Company and may only be used to purchase shares in the Company pursuant to the tender offer. Any unused funds will be returned to the company at the completion of the tender offer which is expected to be in October 2021. This escrow account meets the definition of restricted cash in paragraph 48 of IAS 7 *Statement of Cash Flows* and is therefore recognised separately within current assets.

8. BANK BORROWINGS

In December 2020, the Company extended its credit facility with Barclays Bank PLC ("Barclays") for a total of £15 million. The amount drawn remained unchanged at £10 million. Interest was payable quarterly in arrears on the drawn amount at a rate of 2.6% per annum above the 3-month LIBOR interest rate. A commitment fee of 0.6% per annum was payable on the undrawn amount of £5 million. The Company had the right to prepay the loan at any time.

The Barclays facility was due to mature on 14 October 2021. Additionally, any amounts outstanding would have become immediately repayable on the occurrence of certain events of default including a drop in the value of Euskaltel shares to €3.42 or below, a change of control of Euskaltel or the Company and other customary events of default. The Barclays facility was secured by a pledge over 32.2 million Euskaltel shares owned by Zegona Limited.

The facility was repaid and terminated on 13 August 2021 using the dividend from Zegona Limited (see note 9)

9. INVESTMENT IN SUBSIDIARY AND INTERCOMPANY DIVIDEND

Investment in subsidiary substantially all relates to the Company's investment in the ordinary share capital of its subsidiary, Zegona Limited. The significant changes to the balance of investment in subsidiary were as follows:

Transfer of shares in Euskaltel
As part of an internal reorganisation of its holdings, the Company contributed 3,878,965 shares in Euskaltel to its subsidiary, Zegona Limited in exchange for one Ordinary Share of Zegona Limited on 2 March 2021. On the date of this reorganisation, the Company increased the investment in subsidiary by €32.2 million, being the carrying value of the investment in Euskaltel on that date. There was no gain or loss arising on this transaction.

Impairment charge and intercompany dividend
On 13 August 2021, Zegona Limited declared a distribution of £360 million (equivalent to €415.9 million) to fund the Company's tender offer. The size of this distribution prompted the Company to review whether the carrying value of the investment in subsidiary was recoverable.

Following this review, the carrying value of the investment was impaired by €280 million, being the difference between the carrying value and the recoverable value of the investment at 13 August 2021. This has been recognised in the profit or loss of the Company and included within the movement in retained earnings in the Company's statement of financial position.

The recoverable amount of the Company's investment in subsidiary at 17 September 2021 was €14.2 million, being its fair value less costs of disposal. The fair value measurement is categorised within level 3 of the fair value hierarchy. The fair value was based on an adjusted net asset method, whereby the fair values of the recognised and unrecognised assets and liabilities of Zegona Limited were directly measured. The majority of the value of the net assets held by Zegona Limited at 17 September 2021 was cash and a tax receivable.

10. ACCRUALS AND OTHER PAYABLES

	17 September 2021 €000	31 December 2020 €000
Trade payables	624	57
Payable to direct subsidiary	-	21,909
Accrued interest	-	169
Other accruals	569	393
	1,193	**22,528**

11. MANAGEMENT INCENTIVE SCHEME

The holders of the 51,546,370 Management Shares in Zegona Limited are entitled to 15% of the growth in value of the Company during a series of separate Calculation Periods, provided that ordinary shareholders achieve a 5% Preferred Return[1] in each Calculation Period. Any amounts payable under the Management Shares could be settled in Ordinary Shares of the Company under certain circumstances

At the 2021 AGM held on 30 June, 2021, The Company's shareholders voted to renew the management incentive, thereby ratifying the terms of the second Calculation Period that automatically began upon delivery of the redemption notices on 25 June 2020. Throughout the second Calculation Period, management are entitled

[1] The preferred Return is a 5% per annum return on a compounded basis on shareholders' net investment

to 15% of the growth in value of the Company's over the new Calculation Period, provided the Preferred Return is achieved over this period. The starting value against which the growth in value and the Preferred Return are calculated (the "**Baseline**") at the beginning of the new Calculation Period was set at £0.955 per share[2].

Under IFRS 2, the new Calculation Period constitutes a new share-based payment award for which the holders of the Management Shares began to render services from June 25, 2020. However, for the purposes of IFRS 2, the grant date of the award was 30 June 2021, when The Company's shareholders voted to ratify the renewal of the management incentive scheme at The Company's 2021 AGM.

In addition, Zegona Limited's Articles of Association allows management to exercise its management shares if there is a takeover or acquisition of the Company's (including by a scheme of arrangement), or the Company's sells all or substantially all of its assets and distributes the net proceeds, after satisfying any other creditors of the Company's, to shareholders (collectively, the "Takeover provisions").

The sale of the investment in Euskaltel and the intended return of £335[3] million to shareholders by 14 October as announced on 24 May 2021 will trigger a payment to management under those Takeover provisions that is currently expected to be £25.4 million which is expected to be in cash and settled by Zegona Limited, therefore no shares of the Company will be issued.

Consequently, the Company has concluded that the management incentive scheme no longer meets the criteria to be recognised as an equity settled transaction under IFRS 2 and must be accounted for as a cash settled transaction.

The Company therefore reversed the €0.8 million recorded in the Share-based payment reserve at 31 December 2020 with a corresponding credit to incentive scheme costs via the investment in Zegona Limited (who had recognised the corresponding charge). At the same time, a liability was recorded at 17 September 2021 in Zegona Limited to recognise the cash settled incentive instrument. There were therefore no amounts recorded in the Company in relation to the incentive scheme in the eight months and 17 days to 17 September 2021.

12. SHARE CAPITAL AND RESERVES

Foreign currency translation reserve
The foreign currency translation reserve includes the foreign exchange differences arising from the translation of the Consolidated Financial Statements functional currency of Sterling ("£") to presentational currency euro ("€"). This reserve is a non-distributable reserve. The movement in this reserve for the period is driven primarily by the movement in closing €:£ exchange rates from 1.11 at 31 December 2020 to 1.17 at 17 September 2021.

Share-based payment reserve
The share-based payment reserve represents the cumulative build-up of the incentive scheme costs over the vesting period as the employees gradually render service while the incentive scheme was accounted for as an equity settled instrument. As at 17 September 2021, the share-based payment reserve was Nil as the expected exercise of the management shares by management under the takeover provision will be in cash. More information on the share-based Management incentive scheme can be found in Note 11. This is a non-distributable reserve.

Retained earnings
The retained earnings reserve includes cumulative net profits and permitted transfers from the share-based payment reserve. This is a distributable reserve.

[2] Being the higher of the Market Capitalisation of the Company, defined as 30-day VWAP, and the Net Shareholder Invested Capital on that date.
[3] Via a £5.7 million dividend paid on 23 July 2021 and a £329.3 million share buyback via Tender Offer announced on 13 August 2021

Other Reserves

	Capital redemption reserve	Share premium reserve	Other reserve	Total Other reserves
	€'000	€'000	€'000	**€'000**
At 1 January 2021	34	108,793	180,816	**289,643**
Dividends paid	-	-	(12,169)	**(12,169)**
Transfer of share premium		(108,679)	108,679	-
At 17 September 2021	**34**	**114**	**277,326**	**277,474**

	Capital redemption reserve	Share premium reserve	Other reserve	Total Other reserves
	€'000	€'000	€'000	€'000
At 1 January 2020	-	108,793	195,763	304,556
Issue of shares, net of costs	34	-	(3,599)	(3,565)
Dividend paid	-	-	(11,348)	(11,348)
At 17 September 2020	**34**	**108,793**	**180,816**	**289,643**

Capital redemption reserve
When the Company buys back shares out of distributable reserves and those shares are immediately cancelled, the amount by which The Company's issued share capital is reduced must be transferred to the capital redemption reserve.
The capital redemption reserve is a requirement under s692 of the *Companies Act 2006* to preserve the Company's capital and is a non-distributable reserve.

Share premium reserve
The reserve comprises amounts subscribed for share capital in excess of nominal value less costs directly attributable to the issue of new shares. The share premium reserve is a requirement under s610 of the *Companies Act 2006* and is a non-distributable reserve. On 8 September 2021, following approval by special resolution of the shareholders at the General Meeting of the Company on 20 August 2021, the share premium account of the Company was reduced to £100,000, as confirmed by an Order of High Court of Justice, Chancery Division. Upon the reduction of the share premium account, £95.239 million was transferred to the Other reserve.

Other reserve
On 8 June 2016, following approval by special resolution of the shareholders at the Annual General Meeting of the Company on 15 April 2016, the share premium account of the Company was cancelled, as confirmed by an Order of High Court of Justice, Chancery Division. Upon the cancellation of the share premium account, the

balance of €386.045 million was transferred to the Other reserve. The Other reserve forms part of the distributable reserves of the Company.

On 8 September 2021 upon the reduction of the share premium account, the balance of £95.239 million was transferred to the Other reserve.

The Other reserve also comprise the total costs of buying back shares (the nominal value of the shares and any premium paid), which are charged against distributable reserves.

Distributable reserves
The Company's total distributable reserves at 17 September 2021 were £341.5 million, which equates to €400.1 million at 17 September 2021 foreign exchange rates. This consists of the Other reserve of £178 million and Retained earnings of £163.5 million.

Capital Return
On 24 May 2021, the Board announced that if the sale of its investment in Euskaltel was successful it planned to return £335 million in cash to Shareholders. It also announced the commitment of its Managers, subject to certain conditions, to re-invest up to £4 million in aggregate of the proceeds from the Management Incentive Scheme back into the Company by subscribing for new Zegona ordinary shares. On 23 July 2021, the Company began this return of cash to shareholders with a £5.7 million dividend payment.

After payment of this dividend, The Company's commitment is now to return the balance of the £335 million, being at least £329.3 million (the "Return of Capital"). The Board has determined, following advice from its legal advisers, that the mechanism it should use is an on-market share buyback by way of a tender offer because the Directors believe this offers the best combination of timeliness, cost effectiveness and tax efficiency.

On 13 August 2021, the Company announced the publication of a circular for a Return of Capital of up to £329.3 million to shareholders by way of a tender offer (the "Tender Offer") at a price of £1.535 per share. This Tender Offer was approved by shareholders on 6 September with 99.94% of votes cast in favour.

Under the terms of the Tender Offer, each qualifying holder of The Company's ordinary shares will be entitled to sell approximately 98.0% of their shares (their "Tender Offer Entitlement") at a price of £1.535 per share. Shareholders may also tender more than their Tender Offer Entitlement and will be allocated a pro rata portion of any Tender Offer Entitlement not used by other shareholders. The acceptance period of the Tender Offer will close on 5 October 2021 with cash payments expected shortly thereafter.

13. DIVIDEND PAID

The Company declared a first interim dividend on 21 December 2020 at a rate of 2.2p per share, totalling £4.8 million (€5.6 million). The dividend was paid on 9 March 2021. The Company also declared a second interim dividend on 21 June 2021 at a rate of 2.6p per share, totalling £5.7 million (€6.7 million). The dividend was paid on 23 July 2021.

In the comparative period, the Company declared an interim dividend on 6 February 2020 at a rate of 2.0p per share, totalling £4.5 million (€5.3 million), which was paid on 6 March 2020.

14. RELATED PARTY TRANSACTIONS

There were no related party transactions during the period to 17 September 2021 other than key management personnel compensation.