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This announcement is an advertisement and does not constitute a prospectus in connection with an offering of securities of Zegona Communications plc ("Zegona" or the "Company"). Investors must neither accept any offer for, nor acquire, any securities to which this document refers, unless they do so on the basis of the information contained in the prospectus expected to be published by the Company on 15 January 2019 (the "Prospectus"), a copy of which is available for inspection from the Company's website. The subscription or purchase of ordinary shares of the Company is subject to specific legal or regulatory restrictions in certain jurisdictions. Persons distributing this communication must satisfy themselves that it is lawful to do so. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

ZEGONA COMMUNICATIONS PLC

LEI: 213800ASI1VZL2ED4S65

RESULTS OF PLACING

Zegona is pleased to announce the successful completion of the placing announced earlier today.

A total of 95,715,728 ordinary shares of £0.01 each in the equity capital of Zegona (the "**Placing Shares**") have been placed by Barclays Bank PLC, acting through its investment bank ("**Barclays**") and Oakley Advisory Limited ("**Oakley**") at a price of 105 pence per Placing Share (the "**Placing Price**"), raising gross proceeds of approximately £100.5 million. The Placing Shares being issued represent approximately 75.8 per cent. of Zegona's issued ordinary share capital prior to the Placing.

The Placing Price of 105 pence each represents a discount of 12.5 per cent. to the middle market price at the time at which Zegona and Barclays and Oakley agreed the Placing Price.

The Placing Shares will, when issued, be credited as fully paid and rank *pari passu* with the existing ordinary shares of 1 pence each in the equity capital of Zegona, including in respect of the right to receive all future dividends and distributions declared, made or paid.

The Placing will require approval by Zegona shareholders for the issuance of additional equity on a non pre-emptive basis at a shareholders' meeting to be held on 7 February 2019.

Application will be made to the Financial Conduct Authority ("**FCA**") for admission of the Placing Shares to the standard listing segment of the Official List and to the London Stock Exchange (the "**LSE**") for admission to trading of the Placing Shares on the LSE's Main Market for listed securities (together "**Admission**"). It is expected that Admission will take place at 8.00 a.m. on 11 February 2019 and that dealings in the Placing Shares on the LSE's main market for listed securities will commence at the same time.

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Important Notice

This announcement has been prepared in accordance with English law, the Listing Rules and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.

The distribution of this announcement in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes should inform themselves about, and observe such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

Certain information in this announcement is based on management estimates. By their nature, estimates may not be correct or complete. Accordingly, no representation or warranty (express or implied) is given that such estimates are correct or complete or founded on reasonable grounds. No representation or warranty (express or implied) is given that such estimates are founded on reasonable grounds. Zegona does not undertake any obligation to correct or complete any estimate whether as a result of being aware of information (new or otherwise), future events or otherwise.

The information contained in this document is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this document or its accuracy, fairness or completeness. All information in this announcement in respect of Euskaltel and its group has been obtained from publicly available information and has not been verified.

This announcement is not for release, publication, distribution, directly or indirectly, in or into the United States (including its territories and possessions and any state or other jurisdiction of the United States) or to any US person. This announcement does not constitute or form a part of any offer to sell or solicitation to purchase or subscribe for securities in the United States or in any other jurisdictions. The securities referred to in this announcement have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or the securities laws of any state of the United States or with any securities regulatory authority of any state or other jurisdiction of the United States or any state securities laws of the United States and may be offered and sold (a) in the United States, and to US persons outside the United States, only to persons who are both "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act) and "qualified purchasers" (as defined in Section 2(a)(51) of the US Investment Company Act of 1940, as amended (the "**US Investment Company Act**")), in transactions exempted from, or not subject to, the registration requirements of the US Securities Act, and (b) outside the United States only to non-US persons in "offshore transactions" as defined in, and in reliance on, Regulation S under the US Securities Act. The Company has not intended and does not intend to make any public offer of securities in the United States. No registration has been or will be made under the US Investment Company Act.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "envisages", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not facts. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation: Euskaltel's failure to work with Zegona to improve the performance of the business, a condition to the Placing

not being satisfied, expected cost savings not being realised, changing demands of consumers of telecommunications services, the increasing adoption of free-to-home and direct-to-home television services, changing business or other telecommunications market conditions, and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the plans and events described in this announcement. Forward-looking statements contained in this announcement based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Subject to any requirement under the Listing Rules, the Prospectus Rules, the Disclosure Guidance and Transparency Rules or other applicable legislation or regulation, Zegona does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on forward-looking statements, which speak only as of the date of this announcement.

Barclays Bank PLC and Oakley Advisory Limited

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**") and which is authorised in the United Kingdom by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority, is appointed as the Company's global co-ordinator and underwriter only and is therefore acting only for the Company in connection with the Placing and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Barclays or advice to any other person in relation to the matters contained herein. Neither Barclays nor any of its directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for this announcement, its contents or otherwise in connection with it or any other information relating to the Company, whether written, oral or in a visual or electronic format.

Oakley Advisory Limited ("**Oakley**"), which is authorised and regulated in the United Kingdom by the FCA, is appointed as the Company's financial advisor and co-bookrunner only and is therefore acting only for the Company in connection with the matters described in this announcement and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of Oakley Advisory Limited or advice to any other person in relation to the matters contained herein. Neither Oakley Advisory Limited nor any of its directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for this announcement, its contents or otherwise in connection with it or any other information relating to the Company, whether written, oral or in a visual or electronic format.

Information for Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/ 65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any manufacturer (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Zegona Shares being the subject of the Placing have been subject to a product approval process, which has determined that such Zegona Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Zegona Shares may decline and investors could lose all or part of their investment; the Zegona Shares offer no guaranteed income and no capital protection; and an investment in the Zegona Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment,

Barclays and Oakley will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Zegona Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Zegona Shares and determining appropriate distribution channels.

Company Website

Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website for any other website, is incorporated into, or forms part of, this announcement nor, unless previously published by means of a recognised information service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

The person responsible for arranging for the release of this announcement on behalf of Zegona is Dean Checkley, whose business address is 20 Buckingham Street, London WC2N 6EF.

ANNEX I

Pricing Information

The Company intends to reflect the following information related to the Placing in the final prospectus dated 15 January 2019 (the "**Prospectus**").

The latest practicable date in the Prospectus is 11 January 2019. Unless otherwise noted below, the relevant information as at that date in the Prospectus remains unchanged from what was included in the preliminary prospectus published on 9 January 2019.

Capitalised terms used but not otherwise defined herein are used as defined in the Prospectus.

Pricing Information:

Number of Zegona Shares in issue as at 11 January 2019	126,219,449
Issue Price (per New Zegona Share)	105 pence
Number of New Zegona Shares to be issued in connection with the Placing	95,715,728
Number of Zegona Shares to be in issue immediately following Admission (with no Zegona Shares held in treasury) ⁽¹⁾	221,935,177
New Zegona Shares as a percentage of Zegona's outstanding issued share capital immediately following Admission (with no Zegona Shares held in treasury) ⁽¹⁾	43.13%
Gross proceeds of the Placing	£100.5 million
Estimated expenses of the Transaction	£4.6 million
Estimated net proceeds of the Placing receivable by the Company	£95.9 million

Notes:

- (1) On the assumption that no further Zegona Shares are issued (other than the New Zegona Shares) and the Company does not engage in any share buy-back from the date of the Prospectus until Admission.

The Barclays Facility, which provides funds of up to £30 million, to be reduced to £20 million if and to the extent the Virgin Funding is drawn down, has been available since 14 January 2019 to fund the Euskaltel Share Acquisition, any fees and expenses incurred in connection with the Transaction and for general corporate purposes. The Barclays Facility may be drawn down between 14 January 2019 and 15 December 2019. Subject to the conditions set out in the Prospectus, the Company intends to use £125.0 million, representing the proceeds of the Placing and the funds expected to be drawn down under the New Facilities less amounts required for general corporate purposes and to pay fees, costs and expenses related to the Transaction (the "**Available Funds**") to fund the Euskaltel Share Acquisition.

For the 12 month period to 11 January 2019, the price per Euskaltel share ranged from €6.44 (on 12 October 2018) to €8.25 (on 12 June 2018), with an arithmetic average of €7.37 over this period.

At the current Euskaltel share price of €7.26 (being the closing price at 11 January 2019), the Available Funds would not be sufficient to increase Zegona's interest by 12.5%.

Dilution:

The issue of 95,715,728 New Zegona Shares will result in Zegona's issued ordinary share capital increasing to 221,935,177 (on the basis of 126,219,449 Zegona Shares being in issue as at 11 January 2019 and assuming no further Zegona Shares are issued prior to Admission and no buy-backs of Zegona Shares prior to Admission). Immediately following Admission, holders of the New

Zegona Shares will hold approximately 43.13% of Zegona's issued ordinary share capital (assuming Zegona does not issue any further Zegona Shares or buy back any Zegona Shares from the date of the Prospectus until Admission). As a result, the voting rights of Existing Zegona Shareholders would be diluted, such that an Existing Zegona Shareholder would, immediately following Admission, hold voting rights of approximately 56.87% of the total voting rights that they had held immediately prior to Admission (on the basis that such Existing Zegona Shareholder does not participate in the Placing, no further Zegona Shares are issued and there are no buy-backs of Zegona Shares prior to Admission).

Assuming the issue of 95,715,728 New Zegona Shares, no other issues of Zegona Shares between 11 January 2019, being the latest practicable date prior to publication of the Prospectus, and Admission and no buy-backs of Zegona Shares prior to Admission, the Existing Zegona Shares will represent approximately 56.87% (on a fully diluted basis) of the total issued Zegona Shares immediately following Admission.

Existing Zegona Shareholders will suffer an immediate dilution in their proportionate ownership and voting interests in Zegona which will be reduced following Admission. Assuming there are no other changes to Zegona's share capital between the date of the Prospectus and Admission, existing Zegona Shareholders will suffer dilution of approximately 43.13% to their shareholdings in the Company as a result of the Euskaltel Share Acquisition.

Directors and Senior Managers interests:

As at 11 January 2019 (being the latest practicable date prior to the publication of the Prospectus), the aggregate interests (all of which are beneficial) of the Directors, senior managers and persons closely associated with them in the share capital of the Company, and which have been notified by each Director or senior manager to the Company pursuant to Article 19 of the Market Abuse Regulation and its predecessor legislation (in the case of persons closely associated, so far as is known to the relevant Director or senior manager or could with reasonable diligence be ascertained by them), together with such interests as are expected to subsist immediately following Admission, are set out below:

Director/senior manager⁽²⁾	Interests immediately following Admission⁽¹⁾	
	Number of Zegona Shares	Percentage of issued share capital
Eamonn O'Hare ⁽³⁾	2,032,185	0.92%
Robert Samuelson ⁽³⁾	657,853	0.30%
Murray Scott	66,147	0.03%
Richard Williams ⁽⁴⁾	25,287	0.01%
Ashley Martin	10,479	0.00%
Mark Brangstrup Watts ⁽⁵⁾	-	0.00%
Howard Kalika	319,892	0.14%
Dean Checkley	4,216	0.00%
Menno Kremer	-	0.00%

Notes:

- (1) Assuming no Zegona Shares are issued prior to Admission other than the New Zegona Shares and there are no buy-backs of Zegona Shares prior to Admission.
- (2) None of the Directors and senior managers are a Euskaltel shareholder.
- (3) Eamonn O'Hare and Robert Samuelson also have interests in Management Shares, details of which are set out in paragraph 4 of Part XV (Additional Information).
- (4) Richard Williams also holds a long position equivalent to 36,006 shares through a contract for difference.
- (5) As at 11 January 2019, Marwyn, of which Mark Brangstrup Watts is a Non-Executive Director, held 25.78% of the share capital of the Company in its capacity as agent for and on behalf of its discretionary managed clients.

Eamonn O'Hare, Robert Samuelson, Murray Scott and Howard Kalika are also participating in the Placing.

Taken together, the Zegona Directors and senior managers will have a combined percentage interest of approximately 1.40% in the share capital of Zegona immediately following completion of the Placing, assuming none of the Directors and senior managers participate in the Placing.

Significant Shareholders:

The Company is only aware of the following persons who, immediately following Admission, will represent an interest (within the meaning of DTR Chapter 5) directly or indirectly, jointly or severally in 3% or more of the Company's share capital or could exercise control over the Company:

Shareholder	Interests as at 11 January 2019		Interests immediately following Admission ⁽¹⁾	
	Number of Existing Zegona Shares	Percentage of issued share capital	Number of Zegona Shares	Percentage of issued share capital
Marwyn ⁽²⁾	32,538,225	25.78%	42,062,035	18.95%
Artemis Investment Management LLP	-	0.00%	36,190,476	16.31%
Invesco Asset Management	21,492,686	17.03%	30,064,114	13.55%
Fidelity Investments Limited	12,621,944	10.00%	19,362,940	8.72%
Capital Research & Management Company	9,892,689	7.84%	17,705,431	7.98%
Legal & General Investment Management	9,001,149	7.13%	16,429,720	7.40%
AXA Investment Managers	8,694,970	6.89%	11,094,970	5.00%
Canaccord Genuity Group Inc	7,710,190	6.11%	20,670,043	9.31%
Taconic Capital Advisers	6,134,710	4.86%	6,134,710	2.76%
Tekne Capital Management LLC	4,322,123	3.42%	4,322,123	1.95%

Notes:

- (1) Based on holdings of such shareholders as at 11 January 2019 and assuming no further Zegona Shares are issued from the date of the Prospectus until Admission (other than the New Zegona Shares) and there are no buy-backs of Zegona Shares prior to Admission.
- (2) In its capacity as agent for and on behalf of its discretionary managed clients. Mark Brangstrup Watts is a Non-Executive Director of both the Company and Marwyn.

Financial effects of implementing the Euskaltel Share Acquisition:

A significant factor affecting the Zegona Group's results of operations in the future will be the financial impacts of implementing the Euskaltel Share Acquisition and the increased ownership in Euskaltel, which in turn will be heavily dependent on four factors that are uncertain until after the Euskaltel Share Acquisition has been completed, namely:

- The price at which Zegona can acquire Euskaltel Shares through market purchases;
- The price of the Euskaltel Shares immediately upon, and in the period following, the completion of the Euskaltel Share Acquisition and the number of Euskaltel Shares Zegona chooses to buy;
- The correct accounting treatment of the Zegona Group's investment in Euskaltel; and
- Whether there are any material adjustments required to conform Zegona's and Euskaltel's accounting policies.

Given the size of the investment in Euskaltel as a proportion of the Zegona Group's net assets, the impact of these items will almost certainly be material to the Zegona Group's financial position and results of operations, and it is difficult to give a meaningful estimate of the effects of implementing the Euskaltel Share Acquisition.

Zegona will need to revisit its current conclusion on the appropriate accounting treatment of the Zegona Group's investment in Euskaltel in light of the results of the Euskaltel Share Acquisition, and expects to conclude as a consequence of the Euskaltel Share Acquisition either:

1. That it continues not to have significant influence over Euskaltel and should continue to account for its investment as a financial asset measured at fair value through profit or loss under IFRS 9. If this is the case:
 - The Zegona Group will continue to recognise its investment at fair value. Assuming (a) the Euskaltel Share Acquisition had happened on 1 January 2018, (b) Zegona was able to acquire 19.8 million Euskaltel Shares at a price of €7.00 per Euskaltel Share, and (c) the Euskaltel share price both on completion of the Euskaltel Share Acquisition and on 30 September 2018 was the same as the assumed Euskaltel Share Acquisition price of €7.00 per Euskaltel Share (the volume weighted average price from 21 December 2018 to 11 January 2019), this would result in an increase to the Zegona Group's total assets as at 30 September 2018 of €144.6 million, representing €138.6 million of new shares and a gain of €6.0 million on revaluing the existing 15% holding to the assumed share price on the assumed completion date. This revaluation would be recognised as finance income in the consolidated statement of comprehensive income. There is no certainty that Zegona will be able to acquire Euskaltel Shares at the volume weighted average price of €7.00, and the Euskaltel share price was €7.26 on 11 January 2019.
 - In 2018, Euskaltel paid total dividends of €0.278 per share in two instalments, with an interim dividend of €0.127 per share paid on 1 February 2018 and a final dividend of €0.151 per share paid on 5 July 2018. Had the Zegona Group acquired 19.8 million Euskaltel Shares as at 1 January 2018, the Zegona Group's dividend income for the nine months to 30 September 2018 would have been €13.0 million, an increase of €5.5 million.
 - The Zegona Group's total assets would also have increased by approximately €3.0 million, representing additional cash received under the Placing and draw downs on the New Facilities, net of estimated transaction fees paid of €5.2 million.
 - Assuming Zegona drew down €30 million on the New Facilities on 1 January 2018 (valued at €33.7 million as at 30 September 2018) and assuming a constant LIBOR rate of 0.9%, the Zegona Group would have incurred finance costs of €1.3 million for the nine months ended 30 September 2018, which would also have reduced total assets.
 - Therefore, the net increase to net assets would have been €118.2 million and the net increase to profit would have been €5.0 million as at and for the nine months ended 30 September 2018 if the Euskaltel Share Acquisition and Placing had taken place on 1 January 2018 and based on the assumptions described above.
2. That it has significant influence over Euskaltel and will, therefore, need to apply equity accounting to Euskaltel from the date on which significant influence is gained. If this is the case:
 - The Zegona Group would recognise its interest in associate at fair value on the date on which significant influence is gained, which is deemed to be the acquisition cost of the investment. Subsequently, the cost of the interest in associate is only adjusted to recognise:
 1. The Zegona Group's share of the profit or loss of the Euskaltel Group;

2. The Zegona Group's proportionate interest in the Euskaltel Group arising from changes in the Euskaltel Group's other comprehensive income; and
 3. The dividends received from Euskaltel.
- Assuming (a) the Euskaltel Share Acquisition had happened on 1 January 2018, (b) Zegona was able to acquire 19.8 million Euskaltel Shares at a price of €7.00 per Euskaltel Share, and (c) the Euskaltel Share price both on completion of the Euskaltel Share Acquisition and on 30 September 2018 was the same as the assumed Euskaltel Share Acquisition price of €7.00 per Euskaltel Share (the volume weighted average price from 21 December 2018 to 11 January 2019), this would result in an increase to the Zegona Group's total assets as at 30 September 2018 of €144.6 million, representing €138.6 million of new shares and a gain of €6.0 million on revaluing the existing 15% holding to the assumed share price on the assumed completion date. There is no certainty that Zegona will be able to acquire Euskaltel Shares at the volume weighted average price of €7.00, and the Euskaltel share price was €7.26 on 11 January 2019.
 - In 2018, Euskaltel paid total dividends of €0.278 per share in two instalments, with an interim dividend of €0.127 per share paid on 1 February 2018 and a final dividend of €0.151 per share paid on 5 July 2018. Had Zegona acquired 19.8 million Euskaltel Shares as at 1 January 2018, dividends received by the Zegona Group for the nine months to 30 September 2018 would have been €13.0 million and this would have decreased the carrying value of the interest in associate, and cash would have increased by €5.5 million.
 - The Euskaltel Group reported total net income for the nine months ended 30 September 2018 of €46.6 million. Assuming (a) no adjustments are required to conform Euskaltel's accounting policies to Zegona's, (b) the Euskaltel Group had recognised no material amounts within other comprehensive income, (c) the Euskaltel Share Acquisition had happened on 1 January 2018 and (d) Zegona acquired 19.8 Euskaltel Shares, this would result in income of €12.2 million being recognised within share of profit of associate for the nine months ended 30 September 2018 and an increase in the carrying value of the interest in associate.
 - The Zegona Group's total assets would also have increased by approximately €3.0 million, representing additional cash received under the Placing and draw downs on the New Facilities, net of estimated transaction fees paid of €5.2 million.
 - Assuming Zegona drew down €30 million on the New Facilities on 1 January 2018 (valued at €33.7 million as at 30 September 2018) and assuming a constant LIBOR rate of 0.9%, the Zegona Group would have incurred finance costs of €1.3 million for the nine months ended 30 September 2018, which would also have reduced total assets.
 - Therefore, the net increase to net assets would have been €117.4 million and the net increase to profit would have been €4.2 million as at and for the nine months ended 30 September 2018 if the Euskaltel Share Acquisition and Placing had taken place on 1 January 2018 and based on the assumptions described above.
 - If it is concluded that the investment in Euskaltel is an associate, Zegona will also need to test the carrying value of the investment in Euskaltel for impairment.

Timetable of events

Execution of the Placing Agreement, Barclays Facility and the Virgin Facility	14 January 2019
Expected date of finalisation of number of New Zegona Shares to be issued pursuant to the Placing	14 January 2019
Publication of the Circular and Prospectus	14 January 2019
Latest time and date for receipt of Forms of Proxy and CREST Proxy Instructions for the General Meeting	10 a.m. on 5 February 2019
Record Time for those Shareholders on the Register of Members entitled to attend or vote at the General Meeting	6 p.m. on 5 February 2019
General Meeting	10 a.m. on 7 February 2019
Admission of the New Zegona Shares	8 a.m. on 11 February 2019
New Zegona Shares expected to be issued and credited to CREST accounts	11 February 2019

All references are to London times unless otherwise stated. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.

Additional Information

On 19 October 2018, Zegona announced its intention to make a partial tender offer to acquire up to approximately 14.9% of Euskaltel's outstanding issued ordinary share capital as at the date of the announcement at a price of €7.75 per share (the "**Proposed Tender Offer**"). However, given the deterioration in equity market conditions at the end of 2018, the Directors believe that the terms available to finance the acquisition of the full 14.9% of Euskaltel to be sought in the Proposed Tender Offer would not have been acceptable to Zegona Shareholders, including because the equity funding required would have been overly dilutive. As the Company was informed that it was not permitted under Spanish law to reduce the maximum size of the Proposed Tender Offer, Zegona announced on 21 December 2018 that it no longer intended to proceed with the Proposed Tender Offer.

Robert Samuelson and Jon James were both appointed to the board of Euskaltel with effect from 26 July 2017.

MásMóvil acquired Yoigo and Pepephone in September 2016.

On 14 January 2019, Zegona entered into a Shareholder Relationship Agreement with Talomon, an experienced TMT and telecommunications sector investor. Talomon is a current shareholder in both Euskaltel and Zegona and, pursuant to the Shareholder Relationship Agreement, has agreed formally to support Zegona's strategy as described in the Prospectus.

The unaudited condensed consolidated interim financial statements of Zegona Communications plc and its subsidiaries for the nine months ended 30 September 2018 were authorised for issue in accordance with a resolution of the directors of Zegona on 13 January 2019.

The Zegona Group intends to adopt the following standards, amendments and interpretations, if applicable, when they become effective. Adopting these standards will not have a material impact on the Zegona Group:

Standard	Effective date
IFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016*
IFRS 16 <i>Leases</i>	1 January 2019
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to IFRS 9: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to IAS 19: <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019**
Amendments to IAS 28: <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019**
Amendments to IFRS 3 <i>Business Combinations</i>	1 January 2020**
Amendments to IAS 1 and IAS 8: <i>Definition of Material</i>	1 January 2020**
IFRS 17 <i>Insurance Contracts</i>	1 January 2021**

*the EU has decided not to endorse the interim standard and to wait for the final standard

** subject to EU endorsement

At the General Meeting, Zegona Shareholders will be asked to consider and, if thought fit, to pass the following resolutions:

Subject to and conditional upon Admission:

- the Directors be generally and unconditionally authorised in accordance with section 551 of the Act to allot the New Zegona Shares at a price of 105 pence per New Zegona Shares up to an aggregate nominal amount of £957,157.28 such authority to expire on 31 May 2019; and
- the Directors be empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred on them to allot such shares or grant such rights by resolution 1 above, as if sub-section (1) of section 561 of the Act did not apply to any such allotment such authority to expire on 31 May 2019.

In connection with the Placing, and under the terms of the Placing Agreement, the Company has agreed to pay: (i) Barclays on Admission an underwriting commission of 2.0% of the product of the New Zegona Shares and the Issue Price, plus an additional commission in the sole discretion of the Company of 0.25% of the product of the New Zegona Shares and the Issue Price; and (ii) Oakley on Admission a commission of 0.6% of the product of the New Zegona Shares and the Issue Price. The Company and Barclays agreed no commitment fee will be payable at Admission with respect to the standby underwriting letter.

The Company intends to enter into a stakebuild instruction letter with Barclays (the "**Barclays Stakebuild Instruction Letter**") whereby Barclays will be appointed to assist the Company in executing the Euskaltel Share Acquisition. The Barclays Stakebuild Instruction Letter is expected to continue in effect until 6 months from the date of the letter and may be terminated by either party at any time by written notice.