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ZEGONA COMMUNICATIONS PLC ("Zegona")

LEI: 213800ASI1VZL2ED4S65

10 NOVEMBER 2022

MANAGEMENT INCREASES ITS SHAREHOLDING IN ZEGONA TO 29%

In 2021, Zegona sold its investment in Euskaltel S.A.¹ ("Euskaltel") for €11.17 per share in cash. This valued Euskaltel's equity at €2.0 billion, which equated to an Enterprise Value of €3.5 billion (over 10x EBITDA and 21x Operating Cash Flow), a significant premium to European telecommunications multiples.² Shortly after completing the sale, Zegona returned £335 million to its shareholders (over 90% of the proceeds) through a combination of a dividend and a tender offer to acquire Zegona shares at £1.535 per share (the "Capital Return").

When announcing the Capital Return, management agreed to re-invest £2.5 million into Zegona. This would have involved issuing 1,734,451 new shares at a price of £1.44 per share³. However, limits on the number of shares which could be issued at that time meant only 887,594 shares were issued. Yesterday, the balance of the shares⁴ were issued at the previously agreed price and as a result management increased its shareholding from 18.0%⁵ to 29.1%.⁶

Following last year's successful sale of Euskaltel, management has been looking for Zegona's next investment in the European Telecommunications market. We have been active on a number of proprietary transactions where we see material upside potential while maintaining strong financial discipline. This approach has served us well in the current macro-economic environment as we are now seeing an increased pipeline of even better opportunities where we have the potential to drive significant value.

Enquiries

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¹ Euskaltel is, a Spanish telecommunications company incorporated in Spain and operating in the Basque Country, Asturias and Galicia under regional brands and nationally under the Virgin telco brand. At the time, Zegona owned 21.44% of Euskaltel and was its largest shareholder.

² Euskaltel multiples based on its Enterprise Value divided by its reported 2020 EBITDA (as defined by Euskaltel) of €342.8 million and reported 2020 Operating Cash Flow (as defined by Euskaltel as EBITDA-Capex) of €164.5 million. Comparable European Cable company multiples of 6.7x 2020 EBITDA and 13.3x 2020 Operating Cash Flow (Source: Citigroup).

³ Being the adjusted Net Asset Value per share of Zegona on 14 October 2021 of £1.438, which was calculated, with no provisions being made for any potential value being received from the non-current tax receivable (as disclosed in Zegona's Annual Report for the year ended December 31, 2021) and no provisions for the termination costs of any contracts or other future potential liabilities

⁴ Being a total of 846,857 Ordinary Shares.

⁵ 17.98%

⁶ Details of dealings by Persons Discharging Managerial Responsibility are provided in the Annex below. It is expected that the new ordinary shares will be admitted to trading at 8am on 15 November 2022. Upon admission, Zegona's total voting rights will be 6,172,424.

ANNEX

Notification and public disclosure of transaction by persons discharging managerial responsibilities and persons closely associated with them

a)	Name	Eamonn O'Hare		
2.	Reason for the Notification			
a)	Position/status	Chairman and Chief Operating Officer		
b)	Initial notification/ Amendment	Initial		
3.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor			
a)	Name	Zegona Communications plc		
b)	LEI	213800ASI1VZL2ED4S65		
4.	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv)each place where transactions have been conducted			
a)	Description of the financial instrument, type of instrument	Ordinary shares of 1 pence each		
	Identification code	ZEG		
b)	Nature of the transaction	Share subscription		
c)	Price(s) and volume(s)	Price	Volume	
		£1.438	564,571	
d)	Aggregated information	Aggregate Price	Aggregate Volume	Aggregate total
	Aggregated volume	£1.438	564,571	811,853.10
e)	Date of the transaction	9 November 2022		
f)	Place of the transaction	London Stock Exchange (XLON)		

a)	Name	Robert Samuelson		
2.	Reason for the Notification			
a)	Position/status	Chief Operating Officer		
b)	Initial notification/ Amendment	Initial		
3.	Details of the issuer, emission allowance market participant, auction platform, auctioneer or auction monitor			
a)	Name	Zegona Communications plc		
b)	LEI	213800ASI1VZL2ED4S65		
4.	Details of the transaction(s):section to be repeated for (i) each type of instrument; (ii) each type of transaction; (iii) each date; and (iv)each place where transactions have been conducted			
a)	Description of the financial instrument, type of instrument	Ordinary shares of 1 pence each		
	Identification code	ZEG		
b)	Nature of the transaction	Share subscription		
c)	Price(s) and volume(s)	Price	Volume	
		£1.438	282,286	
d)	Aggregated information	Aggregate Price	Aggregate Volume	Aggregate total
	Aggregated volume	£1.438	282,286	405,927.27
e)	Date of the transaction	9 November 2022		
f)	Place of the transaction	London Stock Exchange (XLON)		