

NOT FOR DISTRIBUTION, PUBLICATION OR RELEASE, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES OR TO ANY US PERSON, CANADA, AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (OTHER THAN SPAIN) OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION, PUBLICATION OR RELEASE WOULD BE UNLAWFUL.

ZEGONA COMMUNICATIONS PLC ("Zegona" or the "Company")

LEI: 213800ASI1VZL2ED4S65

13 AUGUST 2021

ZEGONA ANNOUNCES TENDER OFFER AT £1.535 PER SHARE

London, England, 13 August 2021 - Zegona announces the publication of a circular (the "Circular") for a return of up to £329.3 million to shareholders by way of a tender offer at a price of £1.535 per share (the "Tender Offer")

Tender Offer delivers on Zegona's commitment to return capital to shareholders after selling its investment in Euskaltel

- On 24 May 2021, Zegona announced that on the successful sale of its investment in Euskaltel to MásMóvil, it would return £335 million in cash to Shareholders.
- On 23 July 2021, Zegona began this return of cash to shareholders with a £5.7 million dividend payment.
- Following this dividend and the successful sale of its investment in Euskaltel, Zegona's commitment is now to return the balance of the £335 million, being at least £329.3¹ million and will do so through a Tender Offer,
- The Tender Offer is a straightforward mechanism to return this capital quickly and tax efficiently.
- Today Zegona has published a Circular detailing the Tender Offer and the required General Meeting.
- Under the Tender Offer, each qualifying holder of Zegona's ordinary shares (the "**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 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 Tender Offer will close on 5 October 2021 with cash payments expected shortly thereafter.

Eamonn O'Hare, Zegona's Chairman and CEO commented: "Today, Zegona is delivering on its commitment to return £335 million to shareholders quickly and tax efficiently. We believe that combined with the dividend we paid in July, this tender offer represents an attractive return on investment for our shareholders.

We continue to see good potential to deliver attractive shareholder returns. We intend to continue executing Zegona's original strategy and we are actively developing a number of new investment

¹ £329,306,778

opportunities in the European TMT industry where we believe we can again successfully apply our innovative 'Buy Fix Sell' strategy"

Enquiries

Tavistock (Public Relations adviser - UK)

Tel: +44 (0)20 7920 3150

Jos Simson / Lulu Bridges – jos.simson@tavistock.co.uk / lulu.bridges@tavistock.co.uk

FURTHER INFORMATION

On 24 May 2021, the Board announced that if the sale of its investment in Euskaltel to MásMóvil is successful it plans to return £335 million in cash to shareholders.

On 23 July 2021, Zegona began this return of cash to shareholders with a £5.7 million dividend payment. After payment of this dividend, Zegona's commitment is now to return the balance of the £335 million, being at least £329.3² million (the "**Return of Capital**"). As announced on 29 July 2021, Zegona has initiated steps to reduce the Company's share premium account to prepare for the Return of Capital.

As shareholders will be aware, MásMóvil's takeover bid for Euskaltel has become wholly unconditional and the sale proceeds have now been received.

Launch of Tender Offer

The Board confirms today the launch of the Tender Offer (further details of which are set out below), at a price of £1.535 per Share (the "**Tender Price**"), in order to effect the Return of Capital. Under the Tender Offer, each Qualifying Shareholder will be entitled to sell approximately 98.0% of their Shares at the Tender Price (their "**Basic Tender Offer Entitlement**"). Qualifying Shareholders may tender more than their Tender Offer Entitlement, up to 100% of their Shares, and will be allocated a *pro rata* portion of any Tender Offer Entitlement not used by other shareholders for these additional Shares tendered.

Publication of Circular and Notice of General Meeting

In order to explain the details of the Tender Offer and obtain the necessary shareholder approvals for the proposed Return of Capital by way of the Tender Offer, and in order to enable Qualifying Shareholders to confirm their intentions in respect of the Tender Offer, Zegona announces that the following documents have today been posted to shareholders:

- a circular setting out details of the Tender Offer and containing a Notice of General Meeting at which shareholder approval for the Tender Offer will be sought (the "**General Meeting**");
- Tender Forms in respect of the US Tender Offer and the Non-US Tender Offer; and
- a Form of Proxy for the General Meeting.

The above documents will be submitted to the Financial Conduct Authority via the National Storage Mechanism and will shortly be available to the public for inspection at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

These documents will also be available on the Company's website at <https://www.zegona.com/~media/files/z/zegona/shareholder-information-disclaimer-docs/210812-shareholder-circular.pdf>, subject to certain access restrictions.

² £329,306,778

The General Meeting will be held at Travers Smith LLP, 10 Snow Hill, London EC1A 2AL at 11:00 a.m. on 6 September 2021.

Capitalised terms used but not defined in this announcement shall have the meanings set out in the Circular.

Details of the Tender Offer as a whole

The Tender Offer is comprised of the Non-US Tender Offer (which is being conducted by Canaccord Genuity Limited ("**Canaccord**")) and the US Tender Offer (which is being conducted by Zegona). Although the Non-US and US Tender Offers are being conducted on substantially the same terms, certain specific details relating to each are set out below, together with a timetable of key events in respect of the Tender Offer.

Each Qualifying Shareholder will be entitled to sell all, or part, of their Basic Tender Offer Entitlement under the Tender Offer at the Tender Price. Each Qualifying Shareholder may also tender more than their Basic Tender Offer Entitlement under the Tender Offer and that may be acquired depending on the actions of other Qualifying Shareholders.

The Tender Offer will close at 1.00 p.m. on 5 October 2021 and tenders received after that time will not be accepted unless otherwise approved by both Canaccord and Zegona. It is expected that Qualifying Shareholders who successfully tender their Shares will receive payment for such Shares on or before 14 October 2021.

The Tender Offer is subject to, amongst other things, the passing of the special resolution at the General Meeting to approve and authorise the Tender Offer (the "**Resolution**").

Details of the Non-US Tender Offer

Subject to certain conditions (including the Resolution being passed at the General Meeting), the Non-US Tender Offer will be implemented on the basis of Canaccord, acting as principal and not as agent, nominee or trustee, acquiring the successfully tendered Shares under the Non-US Tender Offer and a subsequent repurchase of the tendered Shares from Canaccord by the Company by way of an on-market transaction on the London Stock Exchange, in both cases at the Tender Price (the "**Repurchase**"). To give effect to these arrangements, Canaccord has entered into a Put and Call Option Agreement with the Company. Shares Repurchased in connection with the Non-US Tender Offer will be cancelled.

Details of the US Tender Offer

Subject to certain conditions (including the Resolution being passed at the General Meeting), the US Tender Offer will be implemented directly by the Company (or an agent of the Company), by way of an on-market transaction on the London Stock Exchange at the Tender Price. Shares successfully tendered to it in connection with the US Tender Offer will be cancelled. The US Tender Offer will be open solely to those US Shareholders on the Register on the Record Date who are both "qualified institutional buyers" as defined in Rule 144A under the US Securities Act of 1933, as amended, and "qualified purchasers" as defined in Section 2(a)(51) of the US Investment Company Act of 1940, as amended.

EXPECTED TIMETABLE

All dates 2021

Publication of the Circular	13 August
Tender Offer opens	13 August
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 2 September
Time and date of General Meeting	11.00 a.m. on 6 September
Outcome of General Meeting announced by	6 September
Publication of interim results	on or before 30 September
Latest time and date for receipt of Tender Forms and TTE Instructions from CREST Shareholders (i.e. close of Tender Offer)	1.00 p.m. on 5 October
Record date for the Tender Offer	6.00 p.m. on 5 October
Outcome of Tender Offer announced by	6 October
Purchase of Shares under the Tender Offer	7 October
Cheques despatched for certificated Shares purchased pursuant to the Tender Offer, payment through CREST for uncertificated Shares purchased pursuant to the Tender Offer, despatch of balance share certificates for unsold certificated Shares and CREST accounts credited with uncertificated Shares being returned to Shareholders	By 14 October

Notes

The times and dates set out in the timetable above and throughout the Circular that fall after the date of this Announcement are based on the Zegona's current expectations and are subject to change. Any changes to the timetable will be notified to Shareholders by an announcement made by Zegona through a Regulatory Information Service.

The timetable assumes that there is no adjournment of the General Meeting. If the scheduled date for the General Meeting changes, the revised date and/or time will be notified to Shareholders by an announcement made by Zegona through a Regulatory Information Service.

References to times in this document are to London time.

Update on other matters

As noted in the Company's announcement on 24 May 2021, as part of its acquisition of Telecable in 2017, Euskaltel agreed to pay Zegona a contingent consideration equal to 35% of the value of Telecable's tax assets once these were confirmed as being available for use by Euskaltel. Zegona had expected Euskaltel to pay this contingent consideration no later than 15 days after the settlement of the offer for Euskaltel at the value of €8.654 million, which is the liability to Zegona recorded in Euskaltel's published audited financial statements for the year ended 31 December 2020. However, it became apparent that Euskaltel would seek to either reduce and delay the payment to Zegona substantially or require Zegona to deliver a financial or insurance instrument to transfer any risk in the tax assets at Zegona's cost. Each of these alternatives was not acceptable to Zegona, so it has sold the right to the contingent payment for €6.4 million in cash.

As also noted in the Company's announcement on 24 May 2021, it committed to return cash using the mechanism which the directors believe offers the best combination of timeliness, cost effectiveness and tax efficiency, which the directors have concluded is a tender offer. This has resulted in forecast

additional costs of approximately £2 million, principally 0.5% stamp duty payable on the acquisition of the shares, which will reduce the net assets of the business following the completion of the Tender Offer.

The impact of these two changes reduces the expected Net Asset Value³ of the Company immediately following the Tender Offer (assuming it completes and is accepted in full) to approximately £6.8 million, which is equivalent to approximately 3.1 pence per share based on the number of shares currently outstanding⁴.

Zegona's management team has also committed to re-invest up to £4 million of the incentive payment it will receive on completion of the Tender Offer⁵, however the aggregate amount of this investment will be scaled back *pro rata* if the shares to be issued would otherwise exceed 28.1% of the issued share capital of the Company at the time.

Current estimates for the expected Net Asset Value of the Company following the completion of the Tender Offer would result in the number of Shares subscribed for by Management being scaled back. As a result, it is currently expected that the aggregate subscription consideration for the shares to be subscribed by Management will be approximately £2.7 million, and following such subscription the Company would have free cash of approximately £9.5 million.

IMPORTANT NOTICES

This announcement has been issued by, and is the sole responsibility of, the Company.

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.

Canaccord, which is authorised and regulated by the Financial Conduct Authority, is acting exclusively for Zegona and for no one else in connection with the Non-US Tender Offer and Canaccord, its affiliates and its and their respective directors, officers, employees and agents are not, and will not, be responsible to anyone other than the Company for providing the protections afforded to customers of Canaccord nor for providing advice in relation to the Non-US Tender Offer. For the avoidance of doubt, none of Canaccord, its affiliates and it and their respective directors, officers, employees and agents will be responsible for, or liable in relation to the US Tender Offer, any other transaction, arrangement or other matter referred to in this announcement, or the Circular, other than the Non-US Tender Offer.

Apart from the responsibility and liabilities, if any, which may be imposed on Canaccord by the Financial Services and Markets Act 2000 (as amended), the Financial Services Act 2012, or the regulatory regimes established thereunder, Canaccord does not accept any responsibility or liability whatsoever nor make any representation or warranty, express or implied, concerning the contents of this announcement or the Circular, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the

³ Adjusted to remove the non-current tax receivable of £4.4 million which is dependent on a successful appeal by Zegona in respect of the tax paid by Zegona to HMRC on 4 March 2021 relating to the UK's Controlled Foreign Company legislation and the European Commission's decision in 2019 that the associated Group Financing Exemption was an aid scheme and amounted to illegal state aid (as disclosed in Zegona's accounts for the year ended 31 December 2020).

⁴ 218,970,076 shares

⁵ The subscription price for Zegona management's agreed re-investment into the business post the Tender Offer will be the adjusted Net Asset Value per Share immediately prior to completion of the subscription. The adjusted Net Asset Value will be calculated post the Tender Offer of £329.3 million, with no provisions being made for any potential value being received from the non-current tax receivable and no provisions for the termination costs of any contracts or other future potential liabilities.

Non-US Tender Offer, the Circular or this announcement. Each of Canaccord, its affiliates and their respective directors, officers, employees and agents accordingly disclaims all and any responsibility or liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this announcement, the Circular or any such statement.

The US Tender Offer is made solely by the Company. While the US Tender Offer is being made available to US Shareholders, the right to tender Shares is not being made available in any jurisdiction in the United States in which the making of the US Tender Offer or the right to tender Shares would not be in compliance with the laws of such jurisdictions.

The US Tender Offer is being made for the securities of a UK company and is subject to UK disclosure requirements, which are different from those of the United States. The settlement procedure with respect to the US Tender Offer will be consistent with UK practice, which differs from US domestic tender offer procedures in certain material respects, particularly with regard to date of payment. US Shareholders should note that the Shares are not listed on a US securities exchange and the Company is not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934, as amended, (the "**Exchange Act**") and is not required to, and does not, file any reports with the US Securities and Exchange Commission thereunder. The US Tender Offer is not subject to the disclosure and other procedural requirements of Regulation 14D under the Exchange Act. The US Tender Offer will be made in accordance with the requirements of Regulation 14E under the Exchange Act to the extent applicable. Accordingly, the US Tender Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments that are different from those applicable under US domestic tender offer procedures and law.

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.

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 changing business or other 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, Prospectus Regulation 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.