COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by BMIT Technologies p.l.c (“**the Company**”) pursuant to the Capital Markets Rules as issued by the Malta Financial Services Authority in accordance with the provisions of the Financial Markets Act (Chapter 345 of the Laws of Malta) as they may be amended from time to time.

Quote

The Company refers to Company Announcement BMIT63 whereby it informed the market of its discussions with its parent company, GO p.l.c. (C22334) ("**GO**”) for the potential assignment and transfer to the Company of *inter alia* (i) certain lease rights and obligations currently enjoyed by GO p.l.c. and (ii) the passive infrastructure thereon used for the hosting of telecommunications equipment to the Company. This proposed assignment and transfer, as described in further detail in this Company Announcement is hereinafter referred to as the “**Proposed Transaction**”.

The Company hereby informs the market that following the conclusion of negotiations with GO, the Company has entered into an Asset Purchase Agreement (as defined and described below) in relation to the Proposed Transaction, pursuant to which the Company has agreed to purchase the Transaction Assets (as defined and described below) subject to the satisfaction of various conditions precedent.

The Board of Directors of the Company (the “**Board**”) has established that the Proposed Transaction constitutes a Class 2 Transaction and, accordingly, the Asset Purchase Agreement is conditional on the prior approval by Company's shareholders (the “**Shareholders**”) in general meeting in terms of CMR 5.163. An Extraordinary General Meeting of the Company will be held on the 25th September 2023 for this purpose (the “**EGM**”). Shareholders will be sent the notice and agenda for the EGM together with an accompanying Explanatory Circular in due course.

Moreover, as the Proposed Transaction constitutes a material related party transaction in terms of the CMRs (given the materiality of the transaction and that GO is the Company’s majority Shareholder), it has been reviewed, assessed and approved by the Company’s Audit Committee. The Audit Committee has concluded, after having carefully considered its obligations in terms of the CMRs and having given due consideration to all of the relevant facts and circumstances, that Proposed Transaction is (1) being entered into at arm’s length and on a normal, commercial basis and (2) fair and reasonable from the perspective of the Company and of the Shareholders who are not related parties.

As at the date of this Company Announcement, the Board is composed of the following directors: Arthur Galea Salomone, Faker Hnid, Michael Mercieca, Deepak Srinivas Padmanabhan, Christian Sammut and Daniela Zammit. Messrs. Srinivas Padmanabhan and Hnid are directors of both the Company and of GO, and as such are susceptible to conflicts between the potentially diverging interests of the two companies.

Arthur Galea Salomone has also disclosed to the Company his beneficial interest in shares and bonds issued by GO.

In accordance with the provisions of the Company's Articles of Associations governing conflicts of interest, Messrs. Srinivas Padmanabhan, Hind and Galea Salomone have abstained from voting in the decision of the Board to approve the Proposed Transaction and recommend it to the Shareholders (with such decision having been taken unanimously by the remaining Directors). Due to the potential conflict of interest highlighted above, Dr. Galea Salomone was not present and did not vote at the meeting of the Audit Committee at which the Proposed Transaction was approved (with such decision having been taken unanimously by the remaining members of the Audit Committee).

Nature of the business and details of the Proposed Transaction

GO is in the business of providing an array of telephony and wireless services, digital terrestrial television, and internet services access to customers locally. GO currently owns a portfolio of cellular towers comprising sites across the Maltese Islands used as part of its core operations in the provision of mobile telephony services. GO installs certain cellular equipment ("**Active Cellular Equipment**") necessary for the provision of its mobile telephony services onto passive structures (comprising of items such as beam reinforcements, poles, counter-balances and stays (the "**Passive Network Infrastructure**") which are placed on rooftops or grounds of third party commercial or residential premises.

A number of lease agreements between GO and the respective site owners govern the conditions for the placement of the Active Cellular Equipment and the Passive Network Infrastructure on the abovementioned properties and provide GO with rights to install and maintain the required infrastructure and equipment within the third-party properties, in return for lease payments being made in favour of the respective third parties. The majority of these lease agreements comprise and are cumulatively being defined as the "**Passive Tower Rights Portfolio**" (and, together with the Passive Network Infrastructure, the "**Passive Telecoms Assets**").

The Proposed Transaction will involve, subject to obtaining the prior approval of the Shareholders at the EGM, the acquisition of the Passive Telecoms Assets together with the corresponding maintenance functions and all related agreements (including the MSA, as described and defined below) and the transfer of an employee (collectively, the "**Transaction Assets**"), by the Company from GO Infrastructure Services Ltd (C 104085), a fully owned subsidiary of GO ("**GISL**").

GISL will first be acquiring the Passive Telecoms Assets from (and entering into the MSA with) GO as part of an operational restructuring being carried out by GO, before selling them to the Company. This operational restructuring is being undertaken by GO prior to the closing of the Proposed Transaction in order to segregate and centralise the Transaction Assets within a separate service provider company. Should the Proposed Transaction not be completed, the restructuring will allow GO to focus on its core business operations and end-customers, while GISL would then focus exclusively on the business relating to the Transaction Assets (including the services to be provided to GO in terms of the MSA).

As a result of the Proposed Transaction, the Company will become the new tenant of the underlying leases (comprising the Passive Tower Rights Portfolio), whilst providing the passive infrastructure services to GO as its anchor client on the sites (in terms of the MSA), enabling a continuity of service for GO and in turn, its mobile network operator services to its clients. The Company will maintain and operate the Passive Telecoms Assets in terms of the MSA, and amongst other items, be primarily responsible for:
• the maintenance of the Passive Network Infrastructure;
• the management and renewal of the underlying lease agreements;
• the hosting of GO's telecommunications assets on the Passive Network Infrastructure; and
• the consequent access to GO, where their telecommunication assets are hosted, for maintenance and support purposes.

The Company will, in terms of the MSA (as defined and described below), have the ability to provide co-location services to third parties on the Passive Network Infrastructure (i.e. the ability to provide services to both GO and third parties using the same Passive Network Infrastructure), provided that the relevant sites are appropriately refitted to permit such co-location and subject to GO's agreement in each case.

The Company will integrate the management and operation of the Passive Network Infrastructure within its product and service portfolio, taking advantage of any operational and organisational synergies which may result. One employee, currently responsible for the management and renewal of the underlying lease agreements, will be transferred from GO to the Company; although it is envisaged that additional personnel will be employed by the Company, as necessary, to help it manage and operate the Passive Telecoms Assets as well as to provide the required services to GO in terms of the MSA.

Transaction Agreements

The following key transaction documents governing the Proposed Transaction have been or shall be entered into by the Company, GO and GISL, as the case may be (always subject to the approval of the Shareholders at the EGM):

i. An Asset Purchase Agreement ("**Asset Purchase Agreement**"), executed on the 7th August 2023, pursuant to which the Company agreed to purchase the Transaction Assets from GISL, subject to the satisfaction of various conditions precedent, including but not limited to: the assignment to GISL by GO of the Passive Tower Rights Portfolio; notifying and/or obtaining the acknowledgement (as necessary in terms of the Civil Code) in advance of a substantial majority of the site owners/lessors to the assignment of the Passive Tower Rights Portfolio (from GO to GISL and, in turn, to the Company); the Company obtaining the required financing for the transaction from a reputable credit institution in Malta; GO providing the GO Loan to the Company (as defined and described in further detail below); GO providing an undertaking to take up any scrip dividend option offered by the Company in the year that the Proposed Transaction concludes and in the subsequent four financial years and up to a maximum of €15,000,000 (whichever occurs earlier); obtaining the approval of the Shareholders in general meeting; and the parties obtaining any and all regulatory approvals (if any).

ii. A Master Service Agreement ("**MSA**"), to be entered into by GO and GISL and which shall be assigned by GISL in favour of the Company on closing of the transaction. The MSA shall regulate the provision of hosting, co-location and maintenance services (in accordance with specified service levels and requirements) to GO to enable it to operate its Active Cellular Equipment onto the Passive Network Infrastructure transferred to the Company. The MSA will have an initial thirty-year period, to be automatically renewed for further periods of five years unless otherwise agreed between the parties in writing. Over the initial thirty-year term of the MSA, GO will be paying a predetermined annual service fee (adjusted every year at an agreed annual escalator) for the provision of the services outlined in the MSA. The service fee per site that will be payable by GO is an arm's length price representative of a market rate fee and similar to the range of prices charged for similar offerings in Europe, and which the Company believes will result in a market standard margin. Moreover, in terms of this agreement, GO shall be required to deliver to the Company approximately 30 new "Built-to-Suit" Passive Network Infrastructure sites across the Maltese islands ("**BTS Sites**") and transfer the BTS Sites to the Company by the end of 2030. All transferred BTS Sites will be managed by the Company in terms of the MSA and in respect of which GO shall also be obliged to pay an annual service fee.

iii. A Loan Agreement between the Company and GO, pursuant to which GO will provide a €15,000,000 loan to the Company (the "**GO Loan**"). The GO Loan will, in essence, be a form of deferred consideration structured in the form of a loan, which allows the imposition of interest as well as negative covenants, further ensuring the arms' length nature of the Proposed Transaction. The GO Loan will be utilised by the Company to satisfy part of the consideration due under the Asset Purchase Agreement. The GO Loan will have an initial term of 5 years and the Company will be required to repay the loan amount in one single repayment on maturity (subject to an interest rate of 3%). The Company will also have the option to extend the loan for a further 5 years, provided that GO is notified 60 days in advance of the initial maturity date, in which case it would be repaid in five equal instalments of €3,000,000 throughout the remaining term (and subject to an adjusted interest rate of 6%) to be payable following the initial maturity date. The Company may prepay the GO Loan in whole or in part at any time without penalty. The GO Loan is subject to standard events of default and acceleration upon on change of control provisions.

iv. GO and the Company will also be entering into a transitional services agreement to cover an initial period following the Company's acquisition of the Transaction Assets pursuant to which GO will provide support to the Company as part of a transition process in order to ensure a smooth hand-over of operations and service continuity (with no disruptions to GO's services to its clients) post-transaction.

Benefits and Effect of the Proposed Transaction on the business of the Company

The data centre business, which is the Company's legacy and core business, is being challenged by an accelerated uptake of cloud services. Local demand for data centre services is finite with a strong dependency on a small number of large customers and on the online gaming industry. These vulnerabilities call for diversification to ensure long term profitability. Such diversification is also a core aspect of the strategy being adopted by the Company to continue its transformation into a hybrid IT and cybersecurity solutions provider in shorter time frames.

The expected contribution to total assets, revenue, margin and cash flows, resulting from the Proposed Transaction, will support the Company's strategy and provides an attractive opportunity for the Company to diversify its business model and become a Maltese "InfraCo", with the investment in this backed by long term, contracted revenues; and with cash flows generated from GO as its anchor client over a thirty-year period.

The combined value of the Company's existing data centre and colocation infrastructure, together with the Transaction Assets resulting from this transaction, is important both for the Shareholders, as well as for potential new investors. With an ever-increasing reliance on digital technologies across all spheres of business and the need for efficient and reliable mobile communication and connectivity, companies' which own such technology assets, provide the key infrastructure which empowers the functionality of businesses, industries and individuals alike.

As a result, in the medium to longer term, investors in companies which own both a data centre and telecom assets may often benefit from stable and recurring income due to the long-term nature of the agreements with their customers.

Apart from the benefits associated with a transaction of this scale the Company may also face certain risks, all of which have been carefully and duly considered and are deemed to a large degree to be mitigatable.

Bank financing will be required to finance part of this acquisition, and a portion of the cash flow generated from the Company's operations shall be utilised to repay its debt obligations, incurred as a direct result of the transaction, over time pursuant to financial covenants to which it is subject.

The agreements regulating the Company's bank debt may also impose certain operating restrictions and financial covenants on the Company. These restrictions and covenants regulate the Company's ability to obtain future financing, make capital expenditure or declare a dividend in certain instances. Furthermore, the amortisation charge on the intangible assets resulting from the Proposed Transaction may have an impact on the amount of profits available for distribution.

Notwithstanding GO's position as a related party and controlling shareholder of the Company, the Proposed Transaction and the abovementioned transaction agreements were heavily negotiated by management (including on the basis of advice received from the Company's independent external legal and financial advisors) with a view to ensure that the transaction be entered into at arm's length and on a normal commercial basis. The Company is of the view that the terms of the Proposed Transaction are fair and reasonable, including with respect to the service fees per site in terms of the MSA, and do not give rise to any preferential treatment to GO.

Value of Transaction Assets, Consideration & Profits attributable to the Transaction Assets

In terms of an independent full asset valuation report, prepared by Ernst & Young Limited, C 30241 (the "**Asset Valuation Report**"), the MSA is the main subject of the transaction. Other intangible assets have also been identified separately and valued and the Asset Valuation Report details the nature of these intangible assets and the methods of valuation used. The intangible assets have been valued at approximately [€46.51 million] (gross), with the MSA being valued at [€44.65 million] (gross). The Passive Network Infrastructure was, additionally, valued at its carrying value which is assumed to be a close approximation of the fair value of these assets.

The consideration payable by the Company for the acquisition of the assets shall be paid by way of bank transfer from the Company to GISL at closing which is to take place two business days following the satisfaction or waiver of the conditions precedent set out in the Asset Purchase Agreement. The Company and GO have agreed that the final consideration due shall be determined, between the closing date and seven business days prior thereto, by way of a recalculation of the original consideration of *circa* €47,100,000, less an amount corresponding to the GO Loan and any adjustments required in terms of the consideration adjustment provisions of the Asset Purchase Agreement (such as in the event that less sites/leases are eventually transferred to the Company on closing, for example).

Profits attributable to the Transaction Assets

The Company anticipates that initially the Proposed Transaction will strengthen the Company's EBITDA by approximately €2.5 million, which represents a growth of 30% on the Company's EBITDA recorded in the financial year ended 31 December 2022. Lucrative EBITDA margins of over 70% are eventually expected as a direct result of the Proposed Transaction.

A deduction from the EBITDA figure for finance costs, depreciation charges on the Passive Telecoms Infrastructure and amortisation charges on the intangible assets (primarily the MSA), results in a loss before tax for the same period of approximately €758,000 in respect of the Transaction Assets. However, year on year, this loss is expected to decrease as EBITDA margins improve and the Company starts making capital repayments on its borrowings and finance costs begin to decrease. A Profit before tax from the transaction is expected to be recorded within the first 3 years from the acquisition of the Transaction Assets.

Closing of the Transaction

The Company is of the view that the Proposed Transaction is in the best interests of the Company and of its shareholders as a whole, including all shareholders, other than GO, who are not related parties.

The Company will acquire the Transaction Assets following the satisfaction of the various conditions precedent set out in the Asset Purchase Agreement, which are expected to be satisfied in the coming months, including but not limited to the Company obtaining the Shareholder approval at the EGM.

For the purposes of article 2(1)(b)(i) of Commission Implementing Regulation (EU) 2016/1055, the Company hereby announces that this company announcement includes 'inside information' in terms of Regulation (EU) 596/2014 (the Market Abuse Regulation).

Unquote

Dr. Francis Galea Salomone LL.D.
Company Secretary
7th August 2023