



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by GO 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.

Transaction with BMIT Technologies p.l.c.

Quote

The Company refers to a Company Announcement dated 06 April 2023 whereby it informed the market of its discussions with its subsidiary company, BMIT Technologies p.l.c. (C48299) (**“BMIT”**) for the potential assignment and transfer to BMIT of *inter alia* (i) certain lease rights and obligations currently enjoyed by the Company and (ii) the passive infrastructure thereon used for the hosting of telecommunications equipment. It is anticipated that this proposed assignment and transfer will be made through GO Infrastructure Services Ltd (C 104085), a fully owned subsidiary of GO (**“GISL”**). The proposed assignments and transfers are better described in this Company Announcement and are hereinafter collectively referred to as the **“Proposed Transaction”**.

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

The proposed assignment and transfer, first to GISL and then to BMIT constitute material related party transactions in terms of the CMRs and have therefore 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 the 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. The Board of Directors of the Company (the **“Board”**) have also established that the proposed assignment and transfer from GISL to BMIT constitutes a Class 1 Transaction.

As at the date of this Company Announcement, the Board is composed of the following directors: Sofiane Antar, Lassaad Ben Dhiab, Paul Fenech, Faker Hnid, Azmi Lahmar, Paul Testaferrata Moroni Viani, Deepak Srinivas Padmanabhan and Norbert Prihoda. Messrs. Srinivas Padmanabhan and Hnid are directors of both the Company and of BMIT, and as such are susceptible to conflicts between the potentially diverging interests of the two companies.

GO plc, Fra Diego Street, Marsa, MRS 1501 Malta **PO Box 40**, Marsa MRS 1001

t. +356 2124 6200 e. customer@go.com.mt

Company Registration Number: C22334 VAT Number: MT 12826209

go.com.mt





Furthermore, the same Messrs. Srinivas Padmanabhan and Hnid are also members of the Company's Audit Committee together with Mr. Paul Fenech.

In accordance with the provisions of the Company's Articles of Associations governing conflicts of interest, Messrs. Srinivas Padmanabhan and Hind have abstained from voting in the decision of the Board to approve the Proposed Transaction (with such decision having been approved by the remaining Directors). Due to the potential conflict of interest highlighted above, Messrs. Srinivas Padmanabhan and Hind were not present and did not vote at the meeting of the Audit Committee at which the Proposed Transaction was approved. In accordance with Article 3.2(f) of the Audit Committee's terms of reference, Mr. Norbert Prihoda and Mr. Sofiane Antar were appointed on an *ad hoc* basis to the Audit Committee for the purposes of discussion and considering the Proposed Transaction. The Audit Committee (composed as herein described) approved the Proposed Transaction.

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 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 vast 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 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 BMIT from 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 BMIT. 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, GO will no longer be the lessee under the underlying lease agreements (comprising the Passive Tower Rights Portfolio) and will consequently no longer be responsible for the payment of rent to the landlords in terms of the Passive Tower Rights Portfolio. BMIT will then become the lessee and provide the passive infrastructure services to GO, enabling a continuity of service for GO and in turn, its mobile network operator services to its clients. BMIT 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 its telecommunication assets are hosted, for maintenance and support purposes.

Transaction Agreements

The following key transaction documents govern the Proposed Transaction have been or shall be entered into by the Company, BMIT 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 07 August 2023, pursuant to which BMIT 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 (the "**Internal Assignment**"); 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 BMIT); GO providing the GO Loan to BMIT (as defined and described in further detail below); GO providing an undertaking to take up any scrip dividend option offered by BMIT 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); 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 BMIT 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 BMIT. 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. Moreover, in terms of this agreement, GO shall be required to deliver to BMIT approximately 30 new “Built-to-Suit” Passive Network Infrastructure sites across the Maltese islands (“**BTS Sites**”) and transfer the BTS Sites to BMIT by the end of 2030. All transferred BTS Sites will be managed by BMIT in terms of the MSA and in respect of which GO shall also be obliged to pay an annual service fee.
- iii. An asset purchase agreement to be executed prior to the closing of the Asset Purchase Agreement between GO and GISL for the purpose of carrying out the Internal Assignment.
- iv. A Loan Agreement between BMIT and GO, pursuant to which GO will provide a €15,000,000 loan to BMIT (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 BMIT to satisfy part of the consideration due under the Asset Purchase Agreement. The GO Loan will have an initial term of 5 years and BMIT will be required to repay the loan amount in one single repayment on maturity (subject to an interest rate of 3%). BMIT 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 annual 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. BMIT 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 change of control provisions.
- v. GO and BMIT will also be entering into a transitional services agreement to cover an initial period following BMIT’s acquisition of the Transaction Assets pursuant to which GO will provide support to BMIT 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

In addition to the consideration payable by BMIT to GO (which is better described under the heading *Value of Transaction Assets, Consideration & Profits attributable to the Transaction Assets*), the Proposed Transaction will allow GO to focus on its core business operations and end-customers, resulting in operational advantages and the provision of better services for/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 BMIT for the acquisition of the assets shall be paid by way of bank transfer from BMIT 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. BMIT 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 €47.1 million, less an amount corresponding to the GO Loan (if taken up by BMIT) 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 BMIT on closing, for example).

Profits attributable to the Transaction Assets

The Passive Telecoms Assets are neither a business or a company and are currently used to allow the Company to host its Active Cellular Equipment. As such there are no profits attributable to the Passive Telecoms Assets. To the contrary, and as better described under the heading *Nature of the business and details of the Proposed Transaction*, GO was liable to make rental payments to landlords in terms of the Passive Tower Rights Portfolio.





Application of the sale proceeds

The proceeds from the disposal of the Transaction Assets are expected to go towards the financing of GO's future capital expenditure and investments as well as partial repayment of existing borrowings.

Closing of the Transaction

The Company will transfer 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.

Houlihan Lokey acted as sole financial advisor to the Company.

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

7 August 2023

