

Circular to Shareholders

Second Annual General Meeting

Dated: 15th April 2020



This circular (the “Circular”) is being issued by BMIT Technologies p.l.c., a public limited liability company having Maltese registration number C.48299 and registered office located at Building SCM02, Level 2, Smartcity Malta, Ricasoli, Kalkara, SCM 1001, Malta (the “**Company**”). It is intended to provide the members of the Company with the necessary information as would assist them in making a properly informed decision with respect to an Extraordinary Resolution and two Ordinary Resolutions which are being proposed as special business for the consideration of, and if deemed fit, approval by the Company’s shareholders at the Company’s Second Annual General Meeting (the “**AGM**”).

Important Information

This Circular, which contains information about the resolutions being proposed as special business for approval at the AGM, including proposed changes to the Memorandum and Articles of Association of the Company, is being sent to all shareholders appearing on the register of members of the Company maintained by the Malta Stock Exchange as at close of business on the 29th April 2020 (the “**Shareholders**”).

This Circular is being issued and sent to Shareholders in compliance with the provisions of the Listing Rules issued by the Listing Authority (the “**Listing Rules**”), particularly the requirements set out in Listing Rule 6.2 on the contents of all circulars and Listing Rule 6.16 relating to amendments to the memorandum and articles of association.

Where any or all of the shares held by a recipient of this Circular in the Company have been sold or transferred on the date of receipt of this document, this Circular, the notice of AGM and all other relevant documentation, or copies thereof, should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

All the Directors of the Company as on the date hereof, namely, Nikhil Patil, Reuben Attard, Charmaine Farrugia, Arthur Galea Salomone and Sonny Portelli (together, the “**Directors**”) accept responsibility for the information contained in this Circular. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Circular is important and requires the immediate attention of all Shareholders who shall be required to vote at the AGM. Shareholders are advised that they should consider seeking the advice of an appropriate independent advisor before taking any decision on the matter.

Introduction

In addition to the ordinary business being proposed at the Company’s forthcoming AGM, the Directors are also placing before the Shareholders the following resolutions as special business:

- (i) an Ordinary Resolution relating to the Remuneration Policy for Directors of the Company;
- (ii) an Ordinary Resolution regarding the proposed use by the Company of electronic means for the circulation of particular information to its members; and
- (iii) an Extraordinary Resolution providing for certain amendments to the Company’s Memorandum and Articles of Association.

The resolution relating to the adoption by the Company of a remuneration policy for its directors is being proposed in furtherance of amendments made to the Listing Rules and is envisaged to ultimately contribute to the Company’s business strategy, long-term interests and sustainability. The resolution proposing the circulation of certain information to the Company’s shareholders by electronic means has the scope of achieving greater efficiencies in the conveyance of information to shareholders, whilst the resolution proposing amendments to the Company’s Memorandum and Articles of Association is intended to grant the Company increased flexibilities, as explained in further detail below.

Proposed Ordinary Resolution – Special Business

Resolution 6 - Approval of Remuneration Policy for the Directors of the Company

Text of the Ordinary Resolution:

“The Remuneration Policy for the Board of Directors of the Company as set out in the Circular to Shareholders dated 15th April 2020 be hereby approved.”

Explanatory Note: Following recent amendments to Chapter 12 of the Listing Rules, the Company is required to establish a remuneration policy with respect to its directors and chief executive officer as would contribute to the Company’s business strategy, long-term interests and sustainability. The Shareholders have a right to vote on such policy, and if approved, the Company shall be required to remunerate its directors and chief executive officer in accordance with the policy approved by the general meeting.

In furtherance of this requirement, the Company’s Board of Directors have established a Remuneration Policy for the Board of Directors of the Company (hereinafter the “**Remuneration Policy**”), which is being proposed to the Shareholders for their approval at the AGM. The Remuneration Policy is being attached to this Circular as Appendix 1.

Proposed Ordinary Resolution – Special Business

Resolution 7 - Authorisation to use electronic means for the circulation of information to Company Shareholders

Text of the Ordinary Resolution:

“That the Company be authorised to use electronic means to circulate certain information as permitted by law to its shareholders.”

Explanatory Note: The Listing Rules permit companies whose shares are admitted to trading on a regulated market to circulate certain information that would otherwise be conveyed to shareholders in printed form, by the use of electronic means, such as publication on the company’s website. The information which may be circulated to shareholders in this manner is specified in the Listing Rules and includes reports and documents that listed companies are periodically required to issue and circulate to their shareholders (“**Shareholder Information**”). The use of electronic means may be employed by an issuer once a number of requirements, including attainment of general meeting consent, are satisfied. A member of the Company may choose to continue receiving Shareholder Information in printed form through the postal service even if the relative resolution is approved by the Shareholders at the AGM.

The Board of Directors of the Company consider that the adoption of this measure would generate significant cost savings for the Company as it will lower printing and distribution costs, whilst speeding up the provision of information to shareholders. This would also have a positive effect on the environment since it would contribute to a reduction in paper footprint and lessen the impact that printing and distribution of documents generally have on the environment.

In addition to seeking the AGM’s consent by proposing Resolution 7 above, the Board of Directors is, in accordance with the Listing Rules, also seeking the Shareholder’s individual consent on the matter. Together with this Circular, the Company is enclosing a letter requesting the holder’s consent to the use of electronic means for the circulation of Shareholder Information.

Proposed Extraordinary Resolution – Special Business

Resolution 8 – Amendments to the Memorandum and Articles of Association of the Company

Text of the Extraordinary Resolution:

“It is hereby resolved to alter the Memorandum and Articles of Association of the Company as follows:

(i) That article 7.1 of the Memorandum of Association of the Company be deleted and replaced by the following new article 7.1:

7.1 The number of Directors shall not be less than three (3) and not more than six (6) and shall be appointed as provided in the Articles of Association of the Company.

(ii) That article 96 of the Articles of Association of the Company be deleted and replaced by the following new article 96:

96.1 The Directors of the Company shall be elected as provided in the following provisions of this Article:

96.2 The Directors (being such number as would together make a total of five directors) shall be elected at each Annual General Meeting (or at an Extraordinary General Meeting convened for the purpose of electing directors). Voting shall take place on the basis that every Member shall have one (1) vote in respect of each ordinary share held by him. A Member may use all his votes in favour of one candidate or may split his votes in any manner he chooses amongst any two or more candidates. The Chairman of the Meeting shall declare elected those candidates who obtain the greater number of votes on that basis.

(iii) That the following new article be added as article 97.3 to the current article 97 of the Articles of Association of the Company, immediately following Article 97.2:

97.3 The Board of Directors of the Company may appoint one additional Director to the Board of Directors without the requirement that the appointment of such Director be ratified by a resolution of the members of the Company taken at a general meeting of the Company. A Director so appointed shall hold office until the end of the next following Annual General Meeting and may be withdrawn or replaced by the Board of Directors at any time.

(iv) That the current article 97.3 of the Articles of Association of the Company be renumbered as article 97.4.

(v) That article 123 of the Articles of Association of the Company be deleted and replaced by the following new article 123:

123. All dividends and interest shall belong and be paid to those Members whose names shall be on the Register at such date as the Company by Ordinary Resolution or the Directors may determine notwithstanding any subsequent transfer or transmission of shares. Any cash dividend or other moneys payable in respect of a share shall be paid by electronic means directly to such bank account as may be designated by the Member or, in the case of shares held jointly by more than one person, to the account designated by the Member nominated and named in the Register. Should there be no such nomination, the dividend shall be paid into the account designated by the first named joint Member appearing on the Register:

PROVIDED that where no account has been designated by the Member, the dividend is to be kept by the Company for collection by the Member entitled to such dividend for payment by electronic means as aforesaid when the account is made known to the Company by the Member. Provided that, in the case of a share held by joint holders, anyone of such holders may give an effective and valid receipt for all dividends and payments on account of dividends and payments in respect of such share. The payment of dividend to any account designated by one of the joint holders shall be deemed to be a good discharge to the Company.

PROVIDED further that nothing in this Article shall preclude the Company from offering to pay dividends to its Members by any other means.

(vi) That article 132 of the Articles of Association of the Company be deleted and replaced by the following new article 132:

132. A printed copy of the profit and loss account and balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in General Meeting, together with a copy of the Auditors' report and Directors' report (hereinafter, the profit and loss account, the balance sheet, the Auditors' report and the Directors' report shall collectively be referred to as the 'Annual Accounts'), shall, not less than twenty-one (21) days before the date of the General Meeting at which the Company's Annual Accounts are to be laid, be sent to every Member and every holder of debentures of the Company and to every other person who is entitled to receive notices of Meetings from the Company under the provisions of the Act or these Articles, but this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware.

PROVIDED that the Company shall not be required to send a printed copy of the Annual Accounts to (i) holders of debentures who are not entitled to receive notices of General Meetings of the Company; and (ii) Members of the Company who have been duly given notice of the General Meeting at which the Company's Annual Accounts are to be laid, where the Company has made available to such Members an electronic copy of such Annual Accounts on its website or otherwise, and has informed such Members accordingly. The Company shall provide a printed copy of such Annual Accounts to any of its Members upon their written request.

Purpose of the Extraordinary Resolution: This extraordinary resolution has a threefold purpose – to provide for the possibility of appointing an additional director on the Board of Directors of the Company, to cater for the electronic payment of dividends and to align the Articles of Association of the Company with the current provisions of law in respect of the circulation of annual accounts to shareholders.

Explanatory Note: The proposed amendment to Article 7.1 of the Memorandum of Association of the Company is intended to increase the capacity of the Board from five (5) directors to six (6) directors. This is complemented by the proposed amendments to Articles 96, 97.3 and 97.4 of the Articles of Association of the Company, in terms of which the Board of Directors would be given the power to appoint a sixth director, as an additional director. This amendment is being proposed to ensure that the Company is, at all times, headed by an effective board, yielding the right combination of experience and skills required in the context of the Company's business, thus ensuring it fulfils its ultimate purpose.

The amendment to Article 123 of the Articles of Association of the Company is being proposed such that going forward, any cash dividends declared by the Company shall be paid by electronic means directly to a bank account designated by the shareholders rather than by cheque or other traditional forms of payment. The amendment to Article 132 of the Articles of Association of the Company is being proposed with a view of aligning the Company's Articles of Association with the provisions of the Companies Act (Chapter 386 of the Laws of Malta), pursuant to which, unless a company's memorandum and articles of association require otherwise, a company shall not be required to circulate a hard copy of its annual accounts to its members, if such members have been duly notified of the general meeting at which the annual accounts are to be laid, has made available thereto an electronic copy of the annual accounts on its website or otherwise and has informed them accordingly. Nevertheless, the Company shall be required to provide a printed copy of the annual accounts upon the request of any of its members.

Documents available for inspection

The following documents or certified copies thereof will be made available for inspection at the Company's registered office, located at Building SCMO2, Level 2, Smartcity Malta, Ricasoli, Kalkara, SCM 1001, Malta for at least fourteen (14) days from the date of publication of the Circular:

- (a) The Memorandum and Articles of Association of the Company;
- (b) The Company's Annual Report and Accounts for the year ending 31 December 2019;
- (c) The Company's latest half-yearly Financial Report.

Directors' Recommendation

The Directors, having made the necessary considerations, are of the view that the proposed resolutions are in the best interests of the Company and its shareholders as a whole. The Directors therefore recommend that the Shareholders approve the proposed resolutions at the forthcoming AGM of the Company.

Date: 15th April 2020

Approved and issued by BMIT Technologies p.l.c., with registered office at Building SCMO2, Level 2, Smartcity Malta, Ricasoli, Kalkara, SCM 1001, Malta.

Appendix 1 – Remuneration Policy

1. Introduction

This Remuneration Policy (the “**Remuneration Policy**” or “**Policy**”) sets out BMIT Technologies plc’s (hereinafter “**BMIT**” or the “**Company**”) policy for the remuneration of its Board of Directors and Chief Executive Officer.

Focused on delivering fair, responsible and transparent remuneration to persons charged with leading, managing and administering the Company, the Policy is founded on a number of principles, namely, the motivation and retention of the best professionals at the Company’s highest levels, the creation of long-term value for the benefit all the Company’s shareholders and the alignment of the interests of the Company’s directors and executive management with the interests of its shareholders.

The Policy has been drawn up by the Company’s Board of Directors in line with the requirements set out in the amended Shareholder Rights Directive¹ as reflected in Chapter 12 of the Listing Rules issued by the Listing Authority. The Policy will be submitted before the Company’s shareholders for their consideration and, if deemed fit, approval at the Company’s forthcoming Annual General Meeting.

Once approved by the General Meeting, the Policy shall apply for a maximum of four (4) years and shall be made available on the Company’s website for as long as it remains in force.

It is the opinion of the Company’s Board of Directors that there is no risk of a conflicting interest in the drawing up of this Policy since it is being submitted before the General Meeting of Shareholders for its consideration and approval. Furthermore, the Board of Directors also notes that the aggregate emoluments payable to Directors in any one financial year are subject to the approval of the Shareholders in General Meeting.

With a view of ensuring consistency of remuneration practices across the Company, in drawing up this Policy, the Board has taken note of the Company’s remuneration structure for all its employees and considered all other relevant information on remuneration trends within the Company.

2. Remuneration of the Board of Directors

The remuneration system for the Company’s Directors shall be based on criteria of responsibility, dedication and qualification for the role assumed and shall consist of a fixed remuneration. Remuneration payable shall be benchmarked against market practice for companies of similar size operating in a comparable business environment.

The General Meeting of Shareholders shall determine the maximum annual aggregate emoluments payable to Directors, and any increases thereto.² The Board of Directors shall, in turn be responsible for allocating from such aggregate amount, a fee to each board member. This fee, payable on a monthly basis, recognises the Director’s ongoing responsibilities and duties towards the Company.

In accordance with its Articles of Association, the Company shall provide for the payment of all reasonable travelling, hotel and other expenses properly incurred by the Directors in attending meetings of the Company or otherwise in connection with the business of the Company.³ Such expenses shall be reimbursed by the Company in accordance with its expenses policy and against the presentation of the relative receipts. Directors shall also be entitled to certain other non-cash benefits as may be deemed reasonable and appropriate.

Any Director serving on any committee of the Board or who devotes special attention to the business of the Company or performs services which in the opinion of the Board of Directors fall outside the scope of ordinary duties may be paid such extra remuneration as the Board may determine, provided that such extra remuneration awarded falls within the maximum annual aggregate emoluments of Directors established by the Company’s General Meeting.⁴

BMIT’s Board of Directors is currently composed entirely of non-executive directors, whose tenure extends from the end of one general meeting until the end of the next following general meeting.

Where a Board member takes up an executive role within the Company, the relative terms of service, including remuneration, shall be regulated by a service contract determined in accordance with the Company’s ordinary practice. Remuneration payable to any such director/s may either be fixed, variable or partially variable and may include the payment of a pension on retirement or participation in pension and life assurance benefits.⁵

¹ Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement

² Articles of Association, Article 81.1

³ Articles of Association, Article 81.3

⁴ Articles of Association, Article 83

⁵ Articles of Association, Article 113

3. Remuneration of the Chief Executive Officer

The Company's day to day business operations and administration are managed by the Chief Executive Officer ("CEO"). In accordance with Listing Rule 12.2A, this Remuneration Policy shall be extended to encompass the Company's CEO.

BMIT's Remuneration Policy with respect to its CEO is designed in a manner as would assist in the recruitment and retention of a qualified and professional individual having the required experience in data centre, cloud and managed IT services industries and who can steer the Company's short and long-term business plans forward in a highly competitive market.

In drawing up the policy pertinent to the remuneration of the CEO, the Board considered his role within the Company, his assigned functions and responsibilities as well as relevant market data to ascertain that compensation awarded is in line with that awarded by companies of comparable size for roles of similar scope and responsibility. Remuneration structure and practices applied to other senior executives within the Company were also taken into account such that the Company ensures consistency of remuneration practices across the Company.

The CEO's remuneration shall be made up of fixed and variable elements. The fixed component of the remuneration shall correspond to a basic remuneration awarded in connection with the performance of his executive function. It shall reflect the level of the individual's assigned functions, his responsibility and knowledge and shall not be linked to variable parameters or results achieved.

The variable element of the remuneration shall be structured as a management bonus scheme aimed at rewarding the officer's performance. This variable component shall reflect the officer's achievement of a set of targets designed to contribute to the business interests and sustainability of the Company over a determined financial period. Elements of the scheme may vary periodically depending on the business circumstances of the Company. They shall, however, in all cases be consistent with the Company's strategies for the short and medium-term and aligned with shareholder interests. Performance objectives shall be financial and/or operational in nature and shall be determined from time to time. These may include EBIDTA-based objectives, project realisation and similar. The degree of achievement of these targets shall be determined by the Board of Directors which shall compare the realised outcomes against the target objectives.

With the aim of offering a competitive remuneration package, the CEO shall be entitled to certain benefits as would typically be offered to senior executives, such as health insurance and professional indemnity insurance cover, free telecommunication services, company car and fuel expenses.

The remuneration structure applicable to the Company's CEO shall be such as to provide a reasonable and appropriate balance between fixed and variable elements of such remuneration.

The CEO's employment is of an indefinite nature. The employment agreement does not provide for any supplementary or early retirement schemes. It makes provision for the payment of lump sum in lieu of the officer accepting a non-competition clause that would be triggered upon termination of the employment. Termination of employment by employer would also attract a claim over the pro-rata amount of variable remuneration due to the CEO at time of termination.

4. Effective Period of the Remuneration Policy

If approved by the shareholders at the Company's Annual General Meeting, this Remuneration Policy shall apply for a maximum period of four (4) years. In accordance with the provisions of the Listing Rules, any material amendment to this Policy during the effective period will require General Meeting approval.