



# Circular to Shareholders

Annual General Meeting  
Wednesday 29th May 2024

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 regarding certain matters being proposed for the consideration of the Company's members at the Company's Annual General Meeting, being held on the 29<sup>th</sup> May 2024 at The Westin Dragonara Resort, Dragonara Road, St. Julians at 14:00 hrs (the "**AGM**").

**THIS CIRCULAR IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF ALL SHAREHOLDERS WHO SHALL BE REQUIRED TO VOTE ON CERTAIN MATTERS SET OUT THEREIN AT THE COMPANY'S UPCOMING AGM. SHAREHOLDERS WHO ARE IN DOUBT ABOUT THE CONTENT OF THIS DOCUMENT OR THE ACTION THEY SHOULD TAKE, SHOULD IMMEDIATELY CONSIDER CONSULTING AN INDEPENDENT ADVISER.**

## IMPORTANT INFORMATION

This Circular is being sent to all persons appearing on the Company's register of members as at close of business on the Record Date, being the 29<sup>th</sup> April 2024 (the "**Shareholders**"). Where any or all of the shares in the Company held by a recipient of this Circular have been sold or transferred, 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 affected for transmission to the purchaser or transferee.

This Circular is being issued in compliance with the Capital Markets Rules issued by the Malta Financial Services Authority (the "**Capital Markets Rules**"), particularly in compliance with the requirements set out in Capital Markets Rules 6.2 on the contents of circulars, 6.7 on the allotment of equity securities, 6.10 on scrip dividends and 6.39 regarding special business being proposed to the general meeting.

All the Directors of the Company as on the date hereof, namely, Mr Nikhil Patil, Dr Arthur Galea Salomone, Mr Deepak Padmanabhan, Mr Faker Hnid, Mr Michael Mercieca and Ms Daniela Zammit (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.

## INTRODUCTION

In addition to other ordinary business being proposed at the Company's upcoming AGM, the Directors are also submitting the following matters before the members of the Company:

- (i) an Ordinary Resolution, being ordinary business, relating to the declaration of a dividend, payable in cash or by the issue of new shares in the Company, at the option of each Shareholder;
- (ii) an Ordinary Resolution, being special business, authorizing the Board of Directors of the Company to implement the scrip dividend payment by the issue and allotment of shares to the members opting for new shares in the Company;
- (iii) an Ordinary Resolution, being special business, relating to the approval of the Remuneration Policy for Directors;
- (iv) an Ordinary Resolution, being special business, relating to the approval of annual emoluments of directors;
- (v) a discussion, being special business, regarding the Remuneration Report of the Company for the financial year ended 31st December 2023.

Further details in respect of each of these agenda items are provided below.

## AGENDA ITEM 2 – ORDINARY RESOLUTION - ORDINARY BUSINESS – DECLARATION OF DIVIDEND

Text of proposed resolution:

***“That a gross dividend of €7,692,308, representing a gross dividend of €0.0378 per ordinary share (amounting to a net dividend of €5,000,000, representing a net dividend of €0.0246 per ordinary share) as recommended by the Board of Directors, be declared for the year ended 31 December 2023, which dividend shall be paid in cash or by the issue of new ordinary shares, at the option of the individual shareholder.”***

**Explanatory Note:** The Directors are recommending for the approval of the AGM the declaration of a gross dividend of €7,692,308 (representing a gross dividend payment of €0.0378 per share), which reflects a total net dividend of €5,000,000 (representing a net dividend payment of €0.0246 per share) for the year ended 31st December 2023 (the **“Dividend”**). The Dividend shall be paid either in cash or by the issue of new ordinary shares, in each case, at the option of the individual shareholder.

Shareholders registered on the Company's Register of Members as at close of trading on the 29th April 2024 shall be entitled to the Dividend.

The Dividend, whether in cash or by way of scrip, is expected to be paid on the 20th June 2024.

If approved by the general meeting, the net dividend of €5,000,000 will be paid from the Company's Immovable Property Account and from profits derived in financial years 2022 and 2023, which were subject to a tax rate of 35%. Each individual shareholder's tax position may vary according to their applicable tax bracket and according to their percentage holding of the paid-up share capital of the Company. Shareholders may wish to seek advice as to their qualification for a tax refund.

The attribution price of the new ordinary shares to be issued to those members who elect to receive shares in lieu of a cash dividend has been established at €0.351 per new ordinary share (the **“Attribution Price”**). This has been calculated using the trailing traded weighted average price (TWAP) for the 90 trading days ended on 29 February 2024 of €0.369 per ordinary share, discounted by 5%. The Company is empowered by its Articles of Association to grant a discount on the subscription of shares.

Should all Shareholders elect to receive new ordinary shares in lieu of a cash dividend, on the basis of the Attribution Price set above, the Company would be required to issue up to 14,245,300 new fully paid-up ordinary shares. Based on the number of ordinary shares in issue on the date hereof, being 203,595,310 ordinary shares, the maximum number of new ordinary shares that may be issued (that is, up to 14,245,300) would represent 7% of the issued share capital of the Company.

The entitlement of a Shareholder to new ordinary shares shall be determined by dividing each Shareholder's total net dividend (being the number of shares held as at Record Date multiplied by the net dividend of €0.0246 per share) by the Attribution Price. Fractional shares shall be rounded upwards to the nearest whole share if the fractional entitlement is from 0.50 to 0.99 of a share, and rounded downwards if the fractional entitlement is from 0.01 to 0.49 of a share.

Application will be made with the Malta Financial Services Authority for authorisation for admissibility to listing of any new ordinary shares issued in furtherance of the scrip option. Application will also be made with the Malta Stock Exchange (**“MSE”**) for new ordinary shares issued to be admitted to trading on the Official List of the MSE. New ordinary shares are expected to be issued and admitted on the Official List of the MSE on the 20th June 2024, with dealings commencing on the same day.

New ordinary shares shall have the same rights and entitlements as all other ordinary shares of the Company currently in issue, and will rank *pari passu* therewith. New ordinary shares will be registered in uncertificated form.

Shareholders entitled to receive less than one new share shall not be entitled to receive new ordinary shares and will receive their respective dividend in cash. The right of Shareholders to the scrip dividend is not transferable.

A Scrip Dividend Election Letter providing details of the pro-rata entitlement of each individual Shareholder is being enclosed with this Circular. Members who would like to receive new ordinary shares of the Company in lieu of a cash payment must complete and sign the Scrip Dividend Election Letter and return it to the Company Secretary by not later than 17:00 hrs on the 27th May 2024. The letter may be deposited at the Office of the Company Secretary, situated at Building SCM02, Level 2, Smartcity Malta, Ricasoli, Kalkara, SCM 1001, Malta or sent by mail using the enclosed business reply envelope or submitted electronically to [investor@bmittechnologies.com](mailto:investor@bmittechnologies.com). In case of electronic submission, Shareholders are to send a scanned copy of the Scrip Dividend Election Letter, duly completed and signed, quoting their full name/s and MSE Register Number. Failure to return the Scrip Dividend Election Letter within the stipulated time shall be considered to amount to an election to receive the dividend as a payment in cash. Shareholders electing to receive the dividend payment in cash are not required to take any action.

The Directors are of the view that the recommendation of a dividend with a scrip option gives the members of the Company a fair choice. Furthermore, it allows the Company to expand its capital base whilst being able to preserve liquidity which can be re-invested in its business.

## AGENDA ITEM 5 – ORDINARY RESOLUTION – SPECIAL BUSINESS – IMPLEMENTATION OF THE SCRIP DIVIDEND

Text of the proposed resolution:

***“That, subject to the approval of the resolution relating to the declaration and payment of a dividend for the financial year ended 31 December 2023 (the ‘Dividend Resolution’), the Board of Directors of the Company be authorised to issue and allot such number of fully paid-up ordinary shares, as may be determined by the Board of Directors, up to the value of the authorised share capital of the Company, for the purposes of paying a scrip dividend to those shareholders electing to receive new ordinary shares in lieu of a cash dividend pursuant to the Dividend Resolution. Such authorisation shall expire at the end of the next annual general meeting of the Company.”***

**Explanatory Note:** In furtherance of Article 85 of the Companies Act 1995 (Cap 386 of the Laws of Malta), Article 6 of the Company's Articles of Association grants the Company's general meeting the power to authorise, by means of an ordinary resolution, the Board of Directors to issue additional shares.

The approval of the proposed resolution by the Shareholders at the AGM would enable the Company's Board of Directors to proceed with the issue and allotment of such number of fully paid-up new ordinary shares as would be necessary to cater for the payment of the Dividend to those members electing to receive new ordinary shares in lieu of a cash dividend with respect to financial year ended 31st December 2023.

Details regarding the new ordinary shares are provided in the explanatory note to Agenda item 2 above.

Since the authority granted to the Board of Directors in terms of the proposed resolution is limited to the implementation of the scrip dividend with respect to the financial year ended 31st December 2023, the maximum amount of shares that may be issued pursuant to the proposed resolution would be 14,245,300 fully paid-up new ordinary shares, representing 7% of the total ordinary share capital of the Company on the date hereof.

The authorisation is conditional on the approval by the Shareholders of the resolution declaring the dividend for the financial year ended 31 December 2023 and setting out the distribution thereof. Furthermore, in terms of the proposed resolution, shares may only be issued for the purpose of paying the Dividend to those members electing to receive payment by way of new ordinary shares in the Company. If approved, the authorisation will be valid up to the end of the next annual general meeting of the Company.

If the resolution is approved, the Directors intend exercising the authority granted thereby for the purpose of paying the Dividend to those shareholders electing to receive payment by way of new ordinary shares in lieu of cash.

## AGENDA ITEM 6 – ORDINARY RESOLUTION – SPECIAL BUSINESS – REMUNERATION POLICY

Text of the proposed resolution:

***“That the Remuneration Policy of the Company as set out in the Circular to Shareholders dated 15th April 2024 be hereby approved.”***

**Explanatory Note:** The Company maintains a Remuneration Policy for its Board of Directors and Chief Executive Officer as would contribute to the Company's business strategy, long-term interests and sustainability in terms of Chapter 12 of the Capital Markets Rules. The Company's current Remuneration Policy was approved by the general meeting of shareholders on the 27th July 2020.

In furtherance of Capital Markets Rule 12.26l requiring issuers to submit their remuneration policy to a vote by the general meeting at least every four years, the Company is submitting its Remuneration Policy before the AGM for approval.

In the first quarter of 2024, the Board of Directors launched a process for the review of the Remuneration Policy. The process resulted in a number of updates being proposed. None of the updates are considered to be material. The updated policy was approved by the Company's Board of Directors on the 15th April 2024. Subject to AGM approval, the updated Policy will become effective on the 29 May 2024.

The updated Remuneration Policy is attached to this Circular as Appendix 1.

The Board of Directors is of the view that pursuant to the updated Remuneration Policy the Company can continue attracting, motivating and retaining the right persons as would assist in the achievement of its business strategies and the creation of long-term value for the benefit all the Company's shareholders.

## **AGENDA ITEM 7 – ORDINARY RESOLUTION – SPECIAL BUSINESS – EMOLUMENTS OF DIRECTORS**

Text of proposed resolution:

***“To establish the maximum annual aggregate emoluments of directors at €200,000.”***

**Explanatory Note:** In terms of the Company's Articles of Association and Remuneration Policy, the Company's general meeting is required to establish the maximum annual emoluments of directors. The Directors of the Company are recommending that the maximum aggregate emoluments of directors for the year ending 31 December 2024 be set at two hundred thousand Euro (€200,000), in line with previous years.

The aggregate emoluments, which are benchmarked against market practice for companies of a similar size operating in a comparable business environment, are deemed to be fair and reasonable and would assist the Company in attracting, motivating and retaining the right individuals for its short and long-term benefit.

## **AGENDA ITEM 8 – SPECIAL BUSINESS - DISCUSSION ON REMUNERATION REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

Text of the proposed agenda item:

***“To hold a discussion on the Remuneration Report of the Company for the financial year ended 31 December 2023 in accordance with Rule 12.26L of the Capital Markets Rules of the Malta Financial Services Authority.”***

**Explanatory Note:** In furtherance of Capital Markets Rule 12.26L, the Directors are submitting the Company's Remuneration Report for the financial year ended 31 December 2023 (the "Report") for discussion at the AGM. The Report forms part of the Company's Annual Report for the year ended 2023 and can be accessed at <https://www.bmit.com.mt/xbrl/2023.xhtml>.

As the Company qualifies as a medium-sized undertaking for the purposes of Directive 2013/34/EU of the European Parliament and of the Council of the 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as an alternative to an advisory vote, the Directors are submitting the Report before the AGM for discussion. The proposed discussion is envisaged to foster further engagement by granting the Shareholders the opportunity to express their views during the AGM.

The Report, which has been drawn up in accordance with Capital Markets Rule 12.26K provides a comprehensive overview of the remuneration paid to the Company's Directors and senior management during the reporting period. The Report is intended to provide increased corporate transparency and accountability and better shareholder oversight with regard to the remuneration paid by the Company to persons charged with its management.

### **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 SCM02, 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 Interim unaudited financial statements for the period ended 30th June 2023; and
- (c) The Company's Annual Report and Accounts for the year ended 31st December 2023.

### **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 upcoming AGM.

Approved and issued by BMIT Technologies p.l.c., with registered office at Building SCM02, Level 2, Smartcity Malta, Ricasoli, Kalkara, SCM 1001, Malta, this 15th April 2024.

## APPENDIX 1 – REMUNERATION POLICY

### 1. Introduction

BMIT Technologies plc's (hereinafter the "**Company**") Remuneration Policy (the "**Remuneration Policy**" or "**Policy**") sets out the Company's policy for the remuneration of its Directors and Chief Executive Officer.

The Company's Remuneration Policy is drawn up in accordance with the requirements set out in 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, as reflected in Chapter 12 of the Capital Markets Rules issued by the Malta Financial Services Authority.

### 2. Review Process

The Company's current Policy was approved by the shareholders at the Company's annual general meeting held in 2020. In accordance with Capital Markets Rule 12.26l requiring issuers to submit their remuneration policy to a vote at the general meeting of shareholders at least every four years, in early 2024 the Company launched a process for the review of the Policy. The process resulted in a number of updates being proposed including, a new section on the Policy's review process, updates to the designation of applicable legal instruments and stylistic changes. None of the updates are considered to be material.

The Policy, as updated, was approved by BMIT's Board of Directors on the 15th April 2024 and is being submitted for the consideration of the general meeting of shareholders at the Company's 2024 Annual General Meeting (the "**AGM**"). Subject to AGM approval, the updated Policy will become effective on the 29 May 2024.

Upon approval, the Policy will be published on the Company's website and shall remain available for as long as it remains in force.

### 3. Scope

BMIT's Remuneration Policy is focused on delivering fair, responsible and transparent remuneration to the 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 the Company's shareholders.

### 4. Management of Conflicting Interests

It is the view of the Board of Directors that any risk of a conflicting interest in the drawing up of this Policy is significantly mitigated by the fact that the Policy is being submitted before the general meeting of shareholders for approval. Risks of conflicting interests are further mitigated by the submission, on an annual basis, of the aggregate emoluments payable to directors in any one financial year before the general meeting for approval.

### 5. Remuneration Trends

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, and outside, the Company.

### 6. Remuneration of the Board of Directors

The Company's Board of Directors is composed entirely of non-executive directors, whose tenure extends from their appointment at general meeting until the end of the next following general meeting.

The remuneration system for the Company's directors is 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 a similar size operating in a comparable business environment. The remuneration structure of the Company's senior executives shall also be taken into account.

The maximum annual aggregate emoluments payable to directors and any increases thereto shall be determined by the general meeting of shareholders on an annual basis.<sup>1</sup> 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.

A director who serves on a committee of the Board of Directors 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 determined by the same board, provided that such extra remuneration awarded falls within the maximum annual aggregate emoluments of directors established by the general meeting.<sup>2</sup>

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<sup>1</sup> Articles of Association, Article 81.1

<sup>2</sup> Articles of Association, Article 83

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.<sup>3</sup> 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.

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.<sup>4</sup>

## **7. 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 Capital Markets 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.

The Company's policy pertinent to the remuneration of the CEO takes into account the CEO's role within the Company, the functions and responsibilities assigned thereto 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 are 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 knowledge and expertise and the role-holder's assigned functions, responsibilities 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 CEO'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 EBITDA-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.

It is the Company's policy that the CEO be engaged on an indefinite basis, rather than on a fixed term contract. Accordingly, the applicable notice periods after probation are those provided for by relevant legislation. 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 the employer would also attract a claim over the pro-rata amount of variable remuneration due to the CEO at time of termination.

## **8. Effective Period of the Remuneration Policy**

In terms of Chapter 12 of the Capital Markets Rules, the Company is required to submit the Policy to a vote by the general meeting at every material change, and, in any case every four years.

If approved by the shareholders at the Company's AGM, this Remuneration Policy shall apply for a maximum period of four (4) years, until the Company's 2028 annual general meeting. In accordance with the provisions of the Capital Markets Rules, the Board of Directors undertakes to submit any material amendments made to this Policy during its effective period before the general meeting for approval.

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<sup>3</sup> Articles of Association, Article 81.3

<sup>4</sup> Articles of Association, Article 113