

## PRESS RELEASE

### CLOSING COMPLETED FOR ACQUISITION OF PARTNERS ASSOCIATES S.P.A. (PA GROUP)

#### OPERATING PROCEDURES TO INTEGRATE THE COMPANIES ALREADY UNDERWAY

Milan, January 14, 2020 – Retelit S.p.A. (“**Retelit**”), an Italian digital and infrastructure services leader, announces that today the entirely held company Retelit Digital Services S.p.A. (“**Retelit Digital Services**”), in execution of the contract signed on October 22, 2019, has signed the definitive contract to wholly acquire the share capital of Partners Associates S.p.A. (“**PA Group**”).

Retelit’s Chairman Dario Pardi stated: *“We are greatly satisfied to have concluded this transaction that projects Retelit into the future, making it a Group capable of playing a leading role in Italy and beyond, with a complete range of solutions both for the infrastructure and digital services and ICT sectors. I would like to thank all those who helped to successfully conclude this transaction, from the management to the operating personnel and wish also to underline the close collaboration between the employees of Retelit and PA Group, which will be key to this merger’s success”.*

PA Group’s Chairman Ennio Baracetti underlined: *“We are delighted to launch this project which today sees the creation of a unique entity on the Italian ICT market, bringing on stream integrated and tailor-made solutions to meet the needs of Italian businesses on entirely Group managed platforms. In recent months - since the signing of the binding agreement - we have already begun to take the first steps towards integration, meeting with the representatives of all company divisions and have quickly understood the close fit of the working groups and the expectations for the success of the collaboration in practice.*

#### KEY TERMS OF THE TRANSACTION - SUMMARY AND UPDATE

Following on from that announced on October 22, 2019, Retelit, through the entirely held subsidiary Retelit Digital Services, acquired 100% of the shares held by the previous shareholders of the PA Group, which included Ennio Baracetti (founder, with a 46% stake), RiverRock IHCF and FVS (27% in total) and Roberto Cella (14%). The bid price for 100% of the PA Group was approx. Euro 60 million, based on a valuation of Euro 74 million, equal to the Enterprise Value of the PA Group and an earn-out of a maximum Euro 13 million over 3 years on achieving the 2019, 2020 and 2021 performance objectives.

Following on from that announced on October 22, 2019, regarding the payment of a portion of the price (up to Euro 14 million) through Retelit shares (up to Euro 6 million), in addition to - for the remainder - through payment in cash allocated for the purchase of Retelit shares by the sellers, the sellers were transferred 3,584,970 ordinary Retelit shares at a unitary value per share of Euro 1.6737 (corresponding to the average value of the shares in Retelit Digital Services’ accounting records), for a total amount of Euro 6 million. The remainder of the cash consideration for the acquisition of Retelit shares by the sellers (except RiverRock IHCF and FVS) is therefore Euro 8 million. The Retelit shares so received or acquired may not be transferred for a period of 18 months from the closing.

## OBJECTIVE OF THE TRANSACTION - SUMMARY

This transaction, as previously announced on October 22, 2019, shall create a leading Italian ICT integrated services operator, highly diversified between added value infrastructure and services (approx. 53% infrastructure and 47% services), leveraging the offer and expertise of two perfectly complementary enterprises. The unique aspect of the new entity relates to its ability to natively cover, i.e. on its own platforms, the entire value chain of ICT services.

The solutions that the new entity will be able to offer shall cut across many sectors, as is the case with the offer, among others, of Cyber Security, Multicloud, Big Data, Artificial Intelligence, CRM, ERP, System Integration and Data Center, but also vertically by individual markets, from Healthcare, Automotive, Retail, Finance and Public Sector services.

The Retelit Group in particular, with this transaction, has boosted both volumes and margins, allowing it to benefit from, among other aspects, an increased range of solutions and services for businesses and the improved coverage of the network, with a stronger presence in the North East, thanks to the contribution of Inasset, a proprietary PA Group Data Center located in Udine.

### **Retelit Group**

*Retelit is a major Italian provider of digital and infrastructure services to the telecommunications market and has been listed on the Milan Stock Exchange since 2000, joining the STAR segment on September 26, 2016. The company's fiber optic infrastructure covers over 12,678 kilometres (equivalent to approx. 327,000 km of fiber-optic cables), connecting 10 Metropolitan Networks and 15 Data Centers across Italy. With 4,385 on-net sites and 41 Data Centers reached, Retelit's network extends also overseas, leveraging a Pan-European ring with PoP's in Europe's major cities, including Frankfurt, London, Amsterdam and Paris. Retelit is member of AAE-1 (Africa-Asia-Europe-1), the submarine cable system connecting Europe to Asia through the Middle East, reaching 19 Countries, from Marseille to Hong Kong, owning a landing station in Bari and the Open Hub Med Consortium, a digital telecommunications hub in the Mediterranean, with a proprietary Data Center in Carini (PA). The company has been part of NGENA (Next Generation Enterprise Network Alliance) since November 2018, a global alliance of telecommunications players created to share the proprietary networks of members and provide a stable and scalable global data connectivity network. These assets make Retelit a perfect technological partner for operators and businesses, providing a complete range of high-quality, reliable and safe infrastructure. The services range from fiber optic Internet connectivity to the Multicloud, from Cyber Security services to Application Performance Monitoring and to SD-WAN technology based network services. Finally, Retelit offers Colocation solutions with over 10,500 square meters of equipped and secure fibre optic connected spaces, for the outsourcing of Data Center services and the satisfaction of Disaster Recovery and Business Continuity needs. Retelit's Carrier Ethernet services are in addition Metro Ethernet Forum (MEF) certified. The technological certifications ISO 27000 for the design and supply of network services, Colocation and Cloud and ALLA/NALLA for the provision of military services are added to the MEF CE 2.0 certification.*

### **PA Group**

*PA Group is an Italian Group based in Udine, founded in 1998 on the initiative of Ennio Baracetti and specialised in the ICT sector, where 600 staff serve approx. 8,000 customers. Specifically, PA Group - which operates across Italy - is a system integrator, providing complete and integrated solutions, such as operating software (SAP, Microsoft Dynamics, software and proprietary products, etc.), CRM, Business Analytics, Networking, Cybersecurity, Cloud and Datacentering services, both to large enterprises and to SME's, mainly to the Finance, Industry, TLC and Public Sector segments. PA Group is involved in telecommunications through the subsidiary InAsset S.r.l. ("Inasset"), a company specialised in managing Datacenter services and infrastructure. Inasset with a proprietary Datacenter located in Udine, an additional three Datacenters which guarantee operating continuity and 1,700KM of proprietary fiber optics is one of the main telecommunications operators in the North-East. PA Group is headed by a managerial team that gathers other managers and historical partners around the core of the founders Ennio Baracetti and Maria Corrini. Together they developed the company from 36 million in turnover in 2013 to over 60 million today, with an EBITDA of approx. Euro 10 million. This development process, as well as organic growth, has been driven by the acquisitions made over the years that have allowed the Group to expand operations, both in terms of geographic reach and the range of services offered to the market and the resultant technological and commercial synergies (cross selling on the aggregate customer base).*

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