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THIS ANNOUNCEMENT IS NOT A PROSPECTUS OR A PROSPECTUS EXEMPT DOCUMENT AND TELIT SHAREHOLDERS SHOULD NOT MAKE ANY DECISION IN RELATION TO THE CONSIDERATION LOAN NOTES OR THE CONSIDERATION SHARES EXCEPT ON THE BASIS OF THE INFORMATION TO BE CONTAINED IN THE SCHEME DOCUMENT WHICH IS PROPOSED TO BE PUBLISHED IN DUE COURSE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

25 May 2021

RECOMMENDED CASH OFFER

for

TELIT COMMUNICATIONS PLC

by

TRIESTE ACQUISITIONS HOLDING LIMITED

**to be effected
by way of a scheme of arrangement
under Part 26 of the Companies Act 2006**

Summary

- The boards of Trieste Acquisitions Holding Limited ("**Bidco**") and Telit Communications plc ("**Telit**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued ordinary share capital of Telit other than the Telit Shares held by funds managed by DBAY (the "**Acquisition**").
- Under the terms of the Acquisition, each Scheme Shareholder will be entitled to receive:

220 pence in cash per Scheme Share (the "Cash Offer")
- Based on the Cash Offer, the Acquisition values the entire issued and to be issued ordinary share capital of Telit at approximately £306.9 million, on the basis of a fully diluted share capital of 139,479,677 Telit Shares.
- The Cash Offer represents a premium of approximately:
 - 58.5 per cent. to the Closing Price of 138.8 pence per Telit Share on 2 November 2020 (being the last Business Day before the Previous Offer Period began);
 - 64.1 per cent. to the Volume Weighted Average Price per Telit Share during the one month period ended 2 November 2020;
 - 63.8 per cent. to the Volume Weighted Average Price per Telit Share during the six month period ended on 2 November 2020;
 - 76.9 per cent. to the Volume Weighted Average Price per Telit Share during the twelve month period ended on 2 November 2020;
 - 6.0 per cent. to the Closing Price of 207.5 pence per Telit Share on 17 March 2021 (being the last Business Day before the Current Offer Period began); and
 - 12.1 per cent. to the Volume Weighted Average Price per Telit Share during the one month period ended 17 March 2021.

- As an alternative to the Cash Offer, Telit Shareholders (other than Telit Shareholders resident or located in a Restricted Jurisdiction) may elect to receive one loan note from Bidco (a "**Consideration Loan Note**") for each Scheme Share held (the "**Alternative Offer**"). The Consideration Loan Notes will be issued by Bidco, credited as fully paid, in amounts and integral multiples equal to the Cash Offer. A Telit Shareholder may elect to take up the Alternative Offer in respect of all (but not part) of his, her or its holding of Scheme Shares. Each Consideration Loan Note will be immediately exchanged for a loan note in Holdco (the "**Holdco Loan Note**") by way of a call option exercised by Holdco and the Holdco Loan Note will then be immediately exchanged by way of a call option exercised by Midco, resulting in a non-voting B ordinary share in Midco (a "**Consideration Share**") being issued to those Telit Shareholders who accept the Alternative Offer. The Consideration Shares will be issued within 14 days of the Effective Date. The terms and conditions of the Alternative Offer are set out in paragraph 11 of this Announcement and a summary of the rights attaching to the Consideration Loan Notes and the Consideration Shares is set out in Appendix IV to this Announcement. The Consideration Shares are non-transferable and do not carry any voting rights, other than after the occurrence of the limited circumstances when they convert to voting shares.
- Bidco is a limited company registered in England and Wales and incorporated on 23 April 2021. Bidco was formed for the purposes of the Acquisition and is an entity ultimately owned by funds managed by DBAY Advisors Limited ("**DBAY**") and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.
- DBAY is a regulated investment manager licensed to conduct investment business by the Isle of Man Financial Services Authority. It was founded in 2011 and manages a range of funds and co-investment vehicles for endowments, foundations and other institutional investors. DBAY has offices in Douglas and London. DBAY supports companies in which it makes long term investments to develop clear growth opportunities with a particular emphasis on creating long term value by working alongside management teams.
- Telit is a global leader in Internet of Things (IoT) enablement, with an extensive portfolio of wireless connectivity modules, platforms and virtual cellular IoT operator services, empowering hundreds of millions of connected 'things' to date, and trusted by thousands of direct and indirect customers, globally. With nearly two decades of IoT innovation experience, Telit continues to redefine the boundaries of digital business, by delivering secure, integrated end-to-end IoT solutions for many of the world's largest brands, including enterprises, OEMs, system integrators and service providers across a wide range of industries, enabling their pursuit of enterprise digital transformation.
- The Telit Directors, who have been so advised by Rothschild & Co as to the financial terms of the Cash Offer, consider that the Cash Offer undervalues Telit and its longer-term prospects. In providing advice to the Telit Directors as to the financial terms of the Cash Offer, Rothschild & Co has taken into account the commercial assessments of the Telit Directors.
- The Telit Directors have considered a number of factors in addition to value, including that the Cash Offer represents an opportunity for Shareholders wanting to realise their investment in cash to do so at material premium to the historical share price of Telit. Accordingly, and after careful consideration, including taking into account the factors set out in paragraph 3 of this Announcement, the Telit Directors believe that the Acquisition is in the best interests of Telit Shareholders as a whole and intend to recommend unanimously that Telit Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer), as the Telit Directors have irrevocably undertaken to do in respect of their own beneficial holdings of 1,027,989 Telit Shares (representing, in aggregate, approximately 0.765 per cent. of the Telit Shares in issue on the Last Practicable Date).
- In considering the terms of the Alternative Offer, the Telit Directors and Rothschild & Co have considered that the Consideration Shares, which Scheme Shareholders will hold following the exchange of the Consideration Loan Notes for the Holdco Loan Notes and thereafter, the exchange of the Holdco Loan Notes for the Consideration Shares, as described in Appendix IV to this Announcement: (a) are unlisted and will not be admitted to trading on any stock exchange (and will therefore, be illiquid and not carry the standards and protections afforded to shareholders in a company admitted to trading on AIM, as Telit currently is) and will represent a minority investment in a company controlled by funds managed by DBAY; (b) will not carry any right to vote at any general meeting of Midco other

circumstances when they convert to voting shares; (c) will not be transferrable except in limited circumstances; and (d) will only carry customary pre-emption rights on new issues of securities by Midco if any such issue is for cash, and such rights will be subject to other important exceptions presenting a risk of significant dilution and reduction, for example if a management incentive plan were introduced. The value of the Consideration Shares will also be uncertain and there can be no assurance that they will be capable of being sold in the future.

- For the reasons set out above, together with risk factors and other investment considerations set out in paragraph 11 of this Announcement, Rothschild & Co are unable to advise the Telit Directors as to whether or not the financial terms of the Alternative Offer are fair and reasonable.
- Accordingly, the Telit Directors cannot form an opinion as to whether or not the terms of the Alternative Offer are fair and reasonable and are not making any recommendation or giving any advice to Telit Shareholders as to whether or not they should elect for the Alternative Offer. Telit Shareholders are strongly recommended to take into account the disadvantages and advantages highlighted in paragraph 11 of this Announcement, as well as their individual circumstances, when deciding whether or not to elect for the Alternative Offer in respect of their holding of Scheme Shares.
- The Telit Directors strongly recommend that, in deciding whether or not to elect for the Alternative Offer, the Telit Shareholders should take their own independent financial, legal and tax advice and consider carefully the disadvantages and advantages of electing for the Alternative Offer (including, but not limited to, those set out in paragraph 11 of this Announcement) in light of their own financial circumstances and investment objectives.
- Telit Shareholders should also ascertain whether acquiring or holding the Consideration Loan Notes, the Holdco Loan Notes or the Consideration Shares is affected by the laws of the relevant jurisdiction in which they reside and consider whether the Consideration Shares are a suitable investment in light of their own personal circumstances. Telit Shareholders are, therefore, strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances and investment objectives before deciding whether to elect for the Alternative Offer. Any decision to elect for the Alternative Offer should be based on independent financial, tax and legal advice and, to the extent available in such Scheme Shareholder's jurisdiction, consideration of the Scheme Document (once published).

Disadvantages of electing for the Alternative Offer

- The Consideration Shares, which Scheme Shareholders will hold following the exchange of the Consideration Loan Notes and the Holdco Loan Notes, as described in Appendix IV to this Announcement, are unlisted and will not be admitted to trading on any stock exchange and will therefore, be illiquid.
- The Consideration Shares will be of uncertain value and there can be no assurance that they will be capable of being sold in the future.
- The Consideration Shares are non-transferable, non-voting shares and only the Midco A Shares carry voting rights.
- The holders of the Consideration Shares will only have customary pre-emption rights on new issues of securities by Midco if any such issue is for cash.
- The right of holders of Consideration Shares to participate in future issues of securities by Midco will also be subject to other important exceptions. These exceptions may be particularly relevant in practice. Holders of Consideration Shares may well suffer dilution, not only in their percentage ownership but also in the value of their Consideration Shares since such further issues may reduce any net return derived by the Consideration Shares when compared to any such net return that might otherwise have been derived had Midco not issued those securities. This dilution and reduction may be significant. For example:
 - Holders of Consideration Shares will not be entitled to participate in any issues of securities to actual or potential employees, directors, officers or consultants of the Wider Telit Group (whether of the same or different classes to the Consideration Shares). This is important since, common to many private equity acquisitions, DBAY may introduce one or more management incentive plans for actual or potential employees, directors, officers and consultants of the Wider Telit Group after the Eff

- Management incentive plans generally provide participants with a significant interest in securities in Midco, and, if one is introduced, it may result in a significant dilution of the Consideration Shares. In addition, Midco may not receive material cash sums on the issue of such securities and the returns on those securities may potentially be structured to increase their proportionate interest in the value of the Wider Telit Group as it increases in value (whether pursuant to a ratchet mechanism or otherwise). These issues of securities may occur initially following the Acquisition, but further issues are likely in the future as the Wider Telit Group expands (whether as a result of further acquisitions or organic growth or otherwise).
- Similarly, holders of Consideration Shares will not be entitled to participate in issues of securities by Midco in consideration for, or in connection with, its acquisition of other assets, companies or all or part of any other businesses or undertakings (for example, if the Wider Telit Group expands).
- In relation to those issues of securities in which holders of Consideration Shares are entitled to participate, if they wish to avoid their percentage interest in Midco being reduced by any such issue, they will need to invest further cash sums in Midco.
- The precise numbers of securities that may be issued by Midco from time to time cannot be ascertained at the date of this Announcement and will depend on a variety of factors including those described above.
- The Telit Shares are currently admitted to trading on AIM. Certain standards and protections afforded to shareholders in a company admitted to trading on AIM will be substantially different to a shareholding in an unlisted private company which a Scheme Shareholder would receive as a result of electing for the Alternative Offer.

Advantages of electing for the Alternative Offer

- The Alternative Offer allows Scheme Shareholders to invest directly in the Wider Telit Group, providing continued economic exposure to Telit under private ownership.
- The Consideration Shares will rank economically pari passu with the Midco A Shares in issue at the time the Consideration Shares are allotted and issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.
- Pursuant to the irrevocable undertakings received from the Telit Directors holding Telit Shares referred to above, each of the Telit Directors who is interested in Telit Shares has irrevocably undertaken to vote (or procure the vote) in favour of the Scheme at the Court Meeting and in favour of the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of their entire beneficial holding of Scheme Shares.
- In addition, Paolo Dal Pino, CEO of the Company, has irrevocably undertaken to elect for the Alternative Offer, as he wishes to continue to hold an investment in Telit and his personal circumstances mean that he is willing to hold an unlisted, non-transferable investment, and these factors outweigh the other disadvantages listed above.
- In addition to the irrevocable undertakings received from the Telit Directors holding shares in Telit, Bidco has received irrevocable undertakings from Richard Griffiths and Davide Serra (the "**Rollover Shareholders**") (as detailed in Appendix III to this Announcement) to: (a) vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, accept or procure acceptance of the Takeover Offer); and (b) elect for the Alternative Offer (subject to the terms and conditions of the Alternative Offer set out in paragraph 11 of this Announcement), in each case in respect of his entire beneficial holding of Scheme Shares. In aggregate, the Rollover Shareholders hold 19,645,140 Telit Shares (representing, in aggregate, approximately 14.62 per cent. of the Telit Shares in issue on the Last Practicable Date).
- In addition to the irrevocable undertakings noted above, Bidco has received an irrevocable undertaking from Run Liang Tai Management Limited (as detailed in Appendix III to this Announcement) to: (a) vote or procure votes in favour of the Scheme at the Court Meeting and the Meeting (or, in the event that the Acqui

Offer, accept or procure acceptance of the Takeover Offer); and (b) elect not to take up the Alternative Offer, in respect of their entire beneficial holding of Scheme Shares in respect of 20,030,495 Telit Shares (representing, in aggregate, approximately 14.90 per cent. of the Telit Shares in issue on the Last Practicable Date).

- Bidco has also received a non-binding letter of intent from Compass Asset Management SA (as detailed in Appendix III) to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, accept or procure acceptance of the Takeover Offer), in respect of 2,220,002 Telit Shares (representing, in aggregate, approximately 1.65 per cent. of the Telit Shares in issue on the Last Practicable Date).
- Therefore, as at the date of this Announcement, Bidco has received irrevocable undertakings and a letter of intent in respect of a total of 42,923,626 Telit Shares (representing approximately 31.94 per cent. of the Telit Shares in issue on the Last Practicable Date).
- Full details of the irrevocable undertakings and letter of intent received by Bidco are set out in Appendix III to this Announcement.
- It is intended that the Acquisition be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (or, if Bidco so elects and with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, a Takeover Offer). The purpose of the Scheme is to provide for Bidco to become the owner of the entire issued and to be issued ordinary share capital of Telit. The Scheme will be put to Scheme Shareholders at the Court Meeting and to the Telit Shareholders at the General Meeting. In order to become Effective, the Scheme must be approved by a majority in number of the Scheme Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares voted. The implementation of the Scheme must also be approved by Telit Shareholders at the General Meeting.
- If any dividend or other distribution in respect of the Telit Shares is declared, paid or made on or after the date of this Announcement, Bidco reserves the right to reduce the consideration payable for each Telit Share under the terms of the Acquisition by the amount per Telit Share of such dividend or distribution. If Bidco exercises this right or makes such a reduction in respect of a dividend or distribution, Telit Shareholders will be entitled to receive and retain that dividend or distribution.
- The Acquisition is subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions of the Acquisition which will be set out in the Scheme Document. The Acquisition is subject to the receipt of certain regulatory approvals, in particular, in Italy and the US which are set out in paragraphs 2(c) and 2(d) of Appendix I to this Announcement.
- The Scheme Document will include full details of the Acquisition, together with notices of the Court Meeting and General Meeting, the expected timetable of the Acquisition, full details of the terms of the Consideration Loan Notes and the Consideration Shares and will specify the action to be taken by Telit Shareholders. It is expected that the Scheme Document will be published within 28 days of this Announcement (or on such later date as may be agreed by Bidco and Telit and the Takeover Panel).
- The Acquisition is currently expected to become Effective in the second half of 2021, subject to the satisfaction or waiver of the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions of the Acquisition which will be set out in the Scheme Document.

Commenting on the Acquisition, Simon Duffy of Telit, said:

"Telit has transformed in recent years and is now a business built on strong financial, operational and governance foundations. Whilst we believe that Telit is well positioned to capitalise on growth opportunities in its markets, the Cash Offer represents an opportunity for Shareholders wanting to realise their investment in cash to do so at a material premium to the historical share price of Telit. On behalf of the Telit Board, I would like to thank the entire workforce of the Telit Group for their outstanding contribution to making Telit the unique company it is today."

Commenting on the Acquisition, Julian Addison of DBAY, said:

"We are pleased to have reached agreement with the Telit Board and that the Acquisition has received a unanimous recommendation. The Cash Offer represents an opportunity for Telit Shareholders to realise their investment

share price of Telit and as an alternative to the Cash Offer we have offered Telit Shareholders the ability to retain a shareholding in Telit going forward through the Alternative Offer.

We strongly believe Telit would benefit from a return to private ownership without the barrier of the current listing. We look forward to working with Telit's management and employees to accelerate Telit's current strategy and unlock the long-term value in Telit.

Under Bidco's ownership, Telit will benefit from the flexibility required to achieve its strategy, extensive access to follow-on capital, and the operational best practices developed by the DBAY team over 20 years."

This summary should be read in conjunction with, and is subject to, the full text of this Announcement and its Appendices. In particular, the Acquisition is subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document.

Appendix II to this Announcement contains details of sources of information and bases of calculation contained in this Announcement. Appendix III to this Announcement contains certain details relating to the irrevocable undertakings and letter of intent referred to in this Announcement. Appendix IV to this Announcement contains further details of the Alternative Offer, the Wider Bidco Group and the rights attaching to the Consideration Loan Notes and the Consideration Shares.

Appendix V contains definitions of certain terms used in this Announcement. References to paragraph numbers in this summary are to be read as references to the relevant paragraphs included in the Announcement.

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Hogan Lovells International LLP is providing legal advice to DBAY and Bidco. CMS Cameron McKenna Nabarro Olswang LLP is providing legal advice to Telit.

Important notices

Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as financial adviser to Bidco and for no one else in connection with the Acquisition or other matters referred to in this Announcement and Bidco for providing the protections afforded to

to the Acquisition, the contents of this Announcement or any other matters set out in this Announcement.

Rothschild & Co, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser under Rule 3 of the Code to Telit in connection with the matters set out in this Announcement and for no one else and will not be responsible to anyone other than Telit for providing the protections afforded to its clients or for providing advice in relation to the matters set out in this Announcement. Neither Rothschild & Co nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Acquisition or otherwise.

FinnCap, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Telit and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than Telit for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.

Further information

This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely through the Scheme Document and the accompanying Forms of Proxy and Form of Election, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any approval, decision or other response to the Acquisition should be made only on the basis of the information in the Scheme Document. Telit Shareholders are strongly advised to read the formal documentation in relation to the Acquisition once it has been despatched. Each Telit Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences to it (or its beneficial owners) of the Acquisition.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them, and service of this Announcement shall not give rise to any implication that there has been no change in the facts set forth in this Announcement since such date.

This Announcement does not constitute a prospectus or prospectus equivalent document.

Overseas shareholders

The release, publication or distribution of this Announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the UK to vote their Telit Shares at the Court Meeting or General Meeting, or to appoint another person as proxy to vote at the Court Meeting or General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located.

Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with the laws of England and Wales, Market Abuse Regulation, AIM Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales. Unless otherwise determined by Bidco or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available directly or indirectly in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by use of mail or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction.

Copies of this Announcement and any formal documentation relating to the Acquisition will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

Where Bidco believes that an election for the Alternative Offer by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration under the securities laws of ar

right to deem that such Scheme Shareholder has not validly elected for the Alternative Offer and such Scheme Shareholder will instead receive the Cash Offer in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Acquisition.

Further details in relation to Telit Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Additional information for US investors

The Acquisition relates to the shares of a UK company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the Exchange Act and is exempt from the registration requirements of the Securities Act. Accordingly, the Acquisition will be subject to disclosure requirements and practices applicable in the UK and to schemes of arrangement under the laws of England and Wales, which are different from the disclosure and other requirements applicable to a US tender offer. Neither the SEC, nor any securities commission of any state of the United States, has approved or disapproved any offer, or comment upon the adequacy or completeness of any of the information contained in document. Any representation to the contrary is a criminal offence in the United States.

Financial information relating to Telit included in this Announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Consideration Loan Notes to be issued pursuant to the Scheme under the Alternative Offer may not be offered or sold in the United States absent registration or an exemption from registration. No US offer of such Consideration Loan Notes will be made in the United States. The Consideration Loan Notes have not been and will not be registered under the US Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange in the United States, and may not be offered, sold or delivered, directly or indirectly, in, into or from the United States. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the Consideration Loan Notes or determined that this document is accurate or complete. Any representation to the contrary is a criminal offence.

Telit Shareholders located or resident in the United States or who are otherwise US Persons will not be permitted to elect receipt of the Consideration Loan Notes pursuant to the Alternative Offer, and any purported election to receive Consideration Loan Notes pursuant to the Alternative Offer by Telit Shareholders from the United States, or which, at the sole discretion of Bidco, appear to be made in respect of Telit Shares beneficially held by persons located or resident in the United States or who otherwise appear to be US Persons will not be accepted. Accordingly, Telit Shareholders located or resident in the United States or who are otherwise US Persons will receive cash pursuant to the Scheme, and no Consideration Loan Notes will be issued to any such Telit Shareholder.

By electing receipt of the Consideration Loan Notes pursuant to the Alternative Offer, Telit Shareholders will be deemed to represent and warrant, on behalf of themselves and any person on whose behalf they beneficially hold their Telit Shares, that they: (i) are not located or resident in the United States or otherwise a US Person; and (ii) are not electing receipt of Telit Shares pursuant to the Alternative Offer with a view to, or for offer or sale of Consideration Loan Notes in connection with, any distribution thereof (within the meaning of the Securities Act) in the United States or to US Persons.

The receipt of cash consideration pursuant to the Cash Offer by a US holder of Telit Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each US holder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him, her or it.

It may be difficult for US holders of Telit Shares to enforce their rights and any claims they may have arising under US Federal securities laws in connection with the Acquisition, since Telit is organised under the laws of a country other than the United States, and some or all of its officers and directors may be residents of countries other than the United States, and most of the assets of Telit are located outside of the United States. US holders of Telit Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US Federal securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's jurisdiction or judgment.

The Acquisition may, in the circumstances provided for in this Announcement, instead be carried out by way of a Takeover Offer unc

exercises, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, its right to implement the Acquisition by way of a Takeover Offer, such Takeover Offer will be made in compliance with applicable US tender offer and US Federal securities laws and regulations, including the exemptions therefrom. In accordance with normal UK practice and pursuant to rule 14e-5(b) of the Exchange Act, Bidco or its nominees, or its brokers (acting as agents), may, from time to time, make certain purchases of, or arrangements to purchase, Telit Shares outside of the United States, other than pursuant to the Acquisition, until the date on which the Acquisition becomes effective, lapses or is otherwise withdrawn, in compliance with applicable law, including the Exchange Act. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed, as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward-looking statements

This Announcement, oral statements made regarding the Acquisition, and other information published by Bidco and Telit contain statements which are, or may be deemed to be, "forward-looking statements" with respect to Bidco or Telit. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often (but not always) use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words or terms of similar meaning or the negative thereof.

Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco or Telit and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on the business of Bidco or Telit.

Although Bidco and Telit believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Telit can give no assurance that such expectations will prove to be correct. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those expressed in or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding present and future strategies and environments. You are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. All subsequent oral or written forward-looking statements attributable to Bidco or Telit or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Announcement. Bidco and Telit expressly disclaim any intention or obligation to update publicly or revise forward-looking or other statements contained in this Announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per ordinary share for Telit or Bidco for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Telit or Bidco.

Right to switch to a Takeover Offer

Bidco reserves the right to elect, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of Telit as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Bidco so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part B of Appendix I to this Announcement.

Rule 2.9 disclosures

In accordance with Rule 2.9 of the Code, as at close of business on the Last Practicable Date, there were 134,389,782 Telit Shares in issue and admitted to trading on AIM. There are no Telit Shares held in treasury. The ISIN Number for the Telit Shares is GB00B06GM726.

Publication on website and availability of hard copies

In accordance with Rule 26.1 of the Code, a copy of this Announcement will be made available (subject to certain restrictions) on the website of the London Stock Exchange.

Jurisdictions), free of charge, on DBAY's website at www.dbayadvisors.com/offer-docs/ and on Telit's website at <https://www.telit.com/about/investor-relations/possible-offers/> by no later than 12:00 noon on the Business Day following this Announcement. Neither the contents of this website nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this Announcement.

In accordance with Rule 30.3 of the Code, a person so entitled may request a hard copy of this Announcement, free of charge, by contacting the Company's registrars, Link Group during business hours on 0371 664 0300 (or if calling from outside the UK +44(0)371 664 0300) or by submitting a request in writing at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom. A hard copy of this Announcement will not be sent unless so requested. A person so entitled may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Information relating to Telit Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Telit Shareholders, persons with information rights and other relevant persons for the receipt of communications from Telit may be provided to Bidco during the offer period as required under section 4 of Appendix 4 of the Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (a) the offeree company; and (b) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (a) the offeree company; and (b) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Takeover Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION

THIS ANNOUNCEMENT IS NOT A PROSPECTUS OR A PROSPECTUS EXEMPT DOCUMENT AND TELIT SHAREHOLDERS SHOULD NOT MAKE ANY DECISION IN RELATION TO THE CONSIDERATION LOAN NOTES OR THE CONSIDERATION SHARES EXCEPT ON THE BASIS OF THE INFORMATION TO BE CONTAINED IN THE SCHEME DOCUMENT WHICH IS PROPOSED TO BE PUBLISHED IN DUE COURSE

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

FOR IMMEDIATE RELEASE

25 May 2021

RECOMMENDED CASH OFFER

for

TELIT COMMUNICATIONS PLC

by

TRIESTE ACQUISITIONS HOLDING LIMITED

to be effected

**by way of a scheme of arrangement
under Part 26 of the Companies Act 2006**

1. Introduction

The boards of Trieste Acquisitions Holding Limited ("**Bidco**") and Telit Communications plc ("**Telit**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued ordinary share capital of Telit other than the Telit Shares held by funds managed by DBAY (the "**Acquisition**").

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act. Bidco reserves the right to elect, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme.

2. The Acquisition

Under the terms of the Acquisition, which will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document, each Scheme Shareholder will be entitled to receive:

220 pence in cash per Scheme Share (the "Cash Offer")

Based on the Cash Offer, the Acquisition values the entire issued and to be issued ordinary share capital of Telit at approximately £306.9 million, on the basis of a fully diluted share capital of 139,479,677 Telit Shares.

The Cash Offer represents a premium of approximately:

- 58.5 per cent. to the Closing Price of 138.8 pence per Telit Share on 2 November 2020 (being the last Business Day before the Previous Offer Period began);
- 64.1 per cent. to the Volume Weighted Average Price per Telit Share during the one month period ended 2 November 2020;

- 63.8 per cent. to the Volume Weighted Average Price per Telit Share during the six month period ended on 2 November 2020;
- 76.9 per cent. to the Volume Weighted Average Price per Telit Share during the twelve month period ended on 2 November 2020;
- 6.0 per cent. to the Closing Price of 207.5 pence per Telit Share on 17 March 2021 (being the last Business Day before the Current Offer Period began); and
- 12.1 per cent. to the Volume Weighted Average Price per Telit Share during the one month period ended 17 March 2021.

As an alternative to the Cash Offer, Telit Shareholders (other than Telit Shareholders resident or located in a Restricted Jurisdiction) may elect to receive one loan note from Bidco (a "**Consideration Loan Note**") for each Scheme Share held (the "**Alternative Offer**"). The Consideration Loan Notes will be issued by Bidco, credited as fully paid, in amounts and integral multiples equal to the Cash Offer. A Telit Shareholder may elect to take up the Alternative Offer in respect of all (but not part) of his, her or its holding of Scheme Shares. Each Consideration Loan Note will be immediately exchanged for one loan note from Holdco (a "**Holdco Loan Note**") by way of a call option exercised by Holdco and the Holdco Loan Note will thereafter be immediately exchanged by way of a call option exercised by Midco, resulting in a non-voting B ordinary share in Midco (a "**Consideration Share**") being issued to those Telit Shareholders who accept the Alternative Offer. The Consideration Shares will be issued within 14 days of the Effective Date. The terms and conditions of the Alternative Offer are set out in paragraph 11 of this Announcement and a summary of the rights attaching to the Consideration Loan Notes and the Consideration Shares is set out in Appendix IV to this Announcement. The Consideration Shares are non-transferable and do not carry any voting rights, other than after the occurrence of the limited circumstances when they convert to voting shares.

Subject to the Conditions and further terms set out in Appendix I to this Announcement and to be set out in full in the Scheme Document, the Scheme Shares will be acquired by Bidco fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement in respect of the Telit Shares.

If any dividend or other distribution in respect of the Telit Shares is declared, paid or made on or after the date of this Announcement, Bidco reserves the right to reduce the consideration payable for each Telit Share under the terms of the Acquisition by the amount per Telit Share of such dividend or distribution. To the extent that any such dividend or other distribution and/or other return of capital announced, declared, paid or made is: (a) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or other distribution and to retain it; or (b) cancelled, then in either case the consideration payable in respect of the Acquisition will not be subject to change in accordance with this paragraph. If Bidco exercises this right or makes such a reduction in respect of a dividend or distribution, Telit Shareholders will be entitled to receive and retain that dividend or distribution.

3. **Background to and reasons for the Telit Director's Recommendation and the Recommendation**

Background

DBAY initially approached the Telit Board in relation to a possible acquisition of Telit at 175 pence per Telit share on 27 October 2020, when Telit's share price was 131.4 pence. The initial proposal was rejected by the Telit Board. On 4 December 2020, DBAY announced it had made purchases of Telit shares at 194.8 pence per share, and on 15 December 2020, DBAY withdrew its interest and released an announcement under Rule 2.8 of the Code.

On 10 February 2021, Telit received a request from DBAY to be released from the restrictions imposed by Rule 2.8 of the Code, to allow it to undertake a period of limited confirmatory due diligence in order to submit an increased proposal. Following this period of due diligence, DBAY provided a revised offer on 26 April 2021 at a price of 210 pence per Telit share. After a period of negotiation, DBAY has now increased its proposal to 220 pence per Telit Share.

In considering the terms of the Acquisition, and the intention to recommend the Acquisition to Telit Shareholders, the Telit Directors have taken into account various factors, including the following factors set out below.

The Cash Offer is at a material premium to Telit's historical share price, although it undervalues Telit and its longer-term prospects

The Telit Directors note that until the disclosure of DBAY's interest on 3 November 2020, Telit's share price had not closed above the level of the Cash Offer since the share price decline following the events of August 2017.

per cent. to the undisturbed share price on 30 October 2020 and a premium of 36 per cent. to the VWAP for the 12 months to 20 February 2020 (before the market decline in the first quarter of 2020).

As highlighted in Telit's trading update published on 19 January 2021, Telit has shown resilience despite continued lockdown measures across Telit's markets and the impact of the pandemic on customer spending. The Telit Directors remain confident in Telit's financial position as an independent business, and believe Telit remains well positioned to capitalise on growth opportunities in its markets. On balance therefore, although it represents a material premium to historical share prices, the Telit Directors, who have been so advised by Rothschild & Co as to the financial terms of the Cash Offer, have given the Cash Offer careful consideration and believe that it undervalues Telit and its longer-term prospects. In providing advice to the Telit Directors, Rothschild & Co has taken into account the commercial assessments of the Telit Directors.

The current listing is a barrier to the long-term success of Telit

The Telit Board believes that the equity markets have not embedded in Telit's valuation the fundamental governance, strategic, operating and financial changes in Telit since the events of 2017. Despite the significant transformation which has been undertaken with the aim of rebuilding the governance foundations of Telit, the Telit Board believes these historical management, governance and regulatory issues have had and are likely to continue to have a fundamentally adverse effect on the value of Telit shares in the near and medium term. The Telit Board considers the perpetuation of this situation is to the detriment of all Telit's stakeholders and that Telit's continued status as a listed company represents a potential barrier to the long-term success of Telit.

In contrast, the Telit Board notes DBAY's statements that:

- it strongly believes that Telit will be able to achieve superior growth as a private business, without the constraints and distractions of a listing, and with a majority shareholder with the financial resources and focus to accelerate the strategy; and
- under DBAY's ownership, Telit will benefit from the flexibility required to achieve its strategy, extensive access to follow-on capital, and the operational best practices developed by the DBAY team over 20 years.

Telit's shareholding is increasingly concentrated

As a result of DBAY's current 26 per cent. shareholding and an additional 45 per cent. held by four other shareholders, the Telit shareholder register has become increasingly concentrated. The number of Telit Shares in public hands is now below 28 per cent. Accordingly, the Cash Offer represents an opportunity for Telit Shareholders who want to realise their investment in Telit in cash to do so at a price that may not be reflected in the market should the Acquisition lapse.

A significant number of Telit shareholders support the Acquisition

In considering the Acquisition, the Telit Board has also taken into account the views of its shareholders. A significant number of Telit's largest shareholders representing 58 per cent. of Telit's share capital, have publicly expressed their support for the Acquisition, including DBAY and shareholders that have provided irrevocable undertakings and a letter of intent, as detailed in this Announcement. Given this shareholder support for the Acquisition, the Telit Board considers that it is in the interests of all shareholders to be given the opportunity to consider the merits of the Acquisition and, if they deem fit, to approve the Scheme at the Court Meeting. In this regard, the Telit Board notes that any of Bidco, DBAY or any funds managed by DBAY that hold Telit Shares will not be permitted to vote their Telit Shares at the Court Meeting (although they will be permitted to vote such Telit Shares at the General Meeting). The unanimous recommendation of the Telit Board of the Acquisition and the support of the Telit Board in implementing the Acquisition through a scheme of arrangement were pre-conditions to the making of this Announcement by DBAY.

DBAY's intentions regarding management, employees and locations of the Telit Group

In considering the intention to recommend the Acquisition to Telit Shareholders, the Telit Directors have given due consideration to the assurances given to management and employees within the Telit Group. The Telit Board acknowledges that, following completion of the Acquisition, there may be a non-material reduction in the Telit Group's headcount (including where the function was required to support Telit's status as a publicly traded company). The Telit Board expects that any headcount reductions that might occur will involve engagement and consultation with the relevant employees, any employee representatives and other stakeholders. Nevertheless, the Telit Directors welcome DBAY's stated intention with respect to the future operations of the business and its employees and, in particular, the intentions to observe the existing contractual and statutory employment rights of Telit employees and pension obligations and to make no material change to the balance of skills and functions of employees across the Telit Group. The Telit Directors also welcome DBAY's stated intention to follow the current management team's strategy with respect to Telit's locations and offices.

Alternative transactions

The Telit Directors have explored the possibility of generating viable alternatives to the Acquisition that would realise additional value for Telit Shareholders. However, no viable alternatives have been identified. Further, such alternative transactions would almost certainly require the approval of a majority of Telit Shareholders and there is no certainty that DBAY or the other shareholders who are publicly supporting the Acquisition would support any such proposal even if it were to be recommended by the Telit Board.

Alternative Offer

In considering the terms of the Alternative Offer, the Telit Directors and Rothschild & Co have considered the following disadvantages and advantages:

- **Disadvantages:** the Consideration Shares, which Scheme Shareholders will hold following the exchange of the Consideration Loan Notes and Holdco Loan Notes by way of call options exercisable by Holdco and Midco, respectively, as described in Appendix IV to this Announcement: (a) are unlisted and will not be admitted to trading on any stock exchange (and will therefore, be illiquid) and not carry the standards and protections afforded to shareholders in a company admitted to trading on AIM, as Telit currently is and will represent a minority investment in a company controlled by funds managed by DBAY; (b) will not carry any right to vote at any general meeting of Midco other than after the occurrence of the limited circumstances when they convert to voting shares; (c) will not be transferrable except in limited circumstances; and (d) will only carry customary pre-emption rights on new issues of securities by Midco if any such issue is for cash, and such rights will be subject to other important exceptions presenting a risk of significant dilution and reduction, for example if a management incentive plan were introduced. The value of the Consideration Shares will also be uncertain and there can be no assurance that they will be capable of being sold in the future.
- **Advantages:** the Alternative Offer: (a) allows Scheme Shareholders to invest directly in the Wider Telit Group, providing continued economic exposure to Telit under private ownership; and (b) the Consideration Shares will rank economically *pari passu* with the Midco A Shares in issue at the time the Consideration Shares are allotted and issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

Conclusion and recommendation

Acquisition and Cash Offer

The Telit Directors, who have been so advised by Rothschild & Co as to the financial terms of the Cash Offer, consider that the Cash Offer undervalues Telit and its longer-term prospects. In providing advice to the Telit Directors as to the financial terms of the Cash Offer, Rothschild & Co has taken into account the commercial assessments of the Telit Directors.

However, as set out above, the Telit Directors have considered a number of factors in addition to value, including that the Cash Offer represents an opportunity for Shareholders wanting to realise their investment in cash to do so at a material premium to the historical share price of Telit.

Accordingly and after careful consideration, including taking into account the factors set out above, the Telit Directors believe that the Acquisition is in the best interests of Telit Shareholders as a whole and intend to recommend unanimously that Telit Shareholders vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer).

Alternative Offer

For the reasons set out above, together with risk factors and other investment considerations set out in paragraph 11 of this Announcement, Rothschild & Co are unable to advise the Telit Directors as to whether or not the financial terms of the Alternative Offer are fair and reasonable. This is because of the significant and variable impact the disadvantages (and advantages) of the Alternative Offer may have to individual Scheme Shareholders.

In relation to the Alternative Offer and for the reasons set out above together with risk factors and other investment considerations set out in paragraph 11 of this Announcement, the Telit Directors cannot form an opinion as to whether or not the terms of the Alternative Offer are fair and reasonable and are not making any recommendation or giving any advice to Scheme Shareholders as to whether or not they should elect for the Alternative Offer.

Scheme Shareholders are strongly recommended to take into account the disadvantages and advantages highlighted above, as well as their individual circumstances, when deciding whether or not to elect for the Alternative Offer in respect of their holding of Scheme Shares.

The Telit Directors strongly recommend that, in deciding whether or not to elect for the Alternative Offer, the Telit Shareholders should take their own independent financial, legal and tax advice and consider carefully the dis-

Alternative Offer (including, but not limited to, those set out in paragraph 11 of this Announcement) in light of their own financial circumstances and investment objectives.

Telit Shareholders should also ascertain whether acquiring or holding the Consideration Loan Notes, the Holdco Loan Notes or the Consideration Shares is affected by the laws of the relevant jurisdiction in which they reside and consider whether the Consideration Shares are a suitable investment in light of their own personal circumstances. Telit Shareholders are, therefore, strongly recommended to seek their own independent financial, tax and legal advice in light of their own particular circumstances and investment objectives before deciding whether to elect for the Alternative Offer. Any decision to elect for the Alternative Offer should be based on independent financial, tax and legal advice and, to the extent available in such Scheme Shareholder's jurisdiction, consideration of the Scheme Document (once published).

Directors' investment decisions

The Telit Directors have irrevocably undertaken to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of their own beneficial holdings of 1,027,989 Telit Shares (representing, in aggregate, approximately 0.765 per cent. of the Telit Shares in issue on the Last Practicable Date). In addition, Paolo Dal Pino, CEO of the Company, has irrevocably undertaken to elect for the Alternative Offer as he wishes to continue to hold an investment in Telit and his personal circumstances mean that he is willing to hold an unlisted, non-transferable investment, and these factors outweigh the other disadvantages listed above. The remaining Telit Directors, who hold Telit Shares intend to accept the Cash Offer. Further details of the undertakings, including the circumstances in which they cease to be binding, are set out in Appendix III to this Announcement.

4. Background to and reasons for the Acquisition

DBAY has been following the Telit story for some time, attracted by the business model, market opportunity and current management team. DBAY became a Telit shareholder in July 2020 and since that time its knowledge of Telit has continued to grow with its shareholding. As Telit's largest shareholder with 26.02 per cent. of the issued share capital, DBAY believes that, whilst the business has strong growth potential with the current management team, Telit's ability to deliver shareholder value as a listed company is significantly restrained by a number of factors including historical management and regulatory issues, current shareholder composition and a lack of liquidity and these factors are most likely to persist into the future. DBAY strongly believes that Telit will be able to achieve superior growth as a private business, without the constraints and distractions of a listing, and with a majority shareholder with the financial resources and focus to accelerate the strategy.

Despite the potential of the business, Telit's share price and valuation have continued to be suppressed, even since the FCA formally completed its investigation into Telit on 9 June 2020 with no enforcement actions, and DBAY believes that the composition of the existing shareholder base is a significant deterrent to new investors and is a cause of the lack of liquidity in the Telit Shares. In addition, Telit has faced a series of distractions related to former Board members, at least one of whom remains a significant shareholder in Telit as at the date of this Announcement. As a result of these factors, DBAY believes Telit will not be able to realise its potential from both an operational and valuation perspective as a public company.

The Cash Offer represents a clear vote of confidence in Telit, its management and its strategy, and will allow Telit to execute its growth and transformation strategy without the constraints of a public listing. Under DBAY's ownership, Telit will benefit from the flexibility required to achieve its strategy, extensive access to follow-on capital, and the operational best practices developed by the DBAY team over 20 years.

The Cash Offer allows Scheme Shareholders the ability to realise their investment in cash at a share price not seen since August 2017 up until the Current Offer Period began on 18 March 2021 when it was announced that DBAY had been released from the restrictions imposed by Rule 2.8 of the Code and that it was conducting confirmatory due diligence.

Whilst the Cash Offer would provide electing Scheme Shareholders with immediate liquidity at completion of the Acquisition, DBAY recognises that some shareholders may wish to retain an economic interest in the Telit Group. As such, DBAY has made available the Alternative Offer to allow Scheme Shareholders to retain an equity interest in the Telit Group. Scheme Shareholders should take their own independent financial, legal and tax advice and consider carefully the disadvantages and advantages of electing for the Alternative Offer (including, but not limited to, those set out in paragraph 11 of this Announcement) in light of their own financial circumstances and investment objectives.

5. Conditions

The Acquisition is conditional, amongst other things, upon:

- the Scheme becoming Effective on or before 11.59 p.m. on the Long Stop Date;
- the approval of the Scheme by a majority in number representing not less than 75 per cent. in value of the Telit Shareholders entitled to vote and present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment, postponement or reconvention of such meeting) on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date, if any, as may be agreed between Bidco and Telit and the Court may allow);
- the passing of the Resolutions by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document in due course (or such later date, if any, as Bidco and Telit may agree and the Court may allow);
- the sanction of the Scheme by the Court on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date, if any, as may be agreed between Telit and Bidco and the Court may allow) and the delivery of a copy of the Court Order to the Registrar of Companies;
- Clearance by the Italian Foreign Investment Authority pursuant to art. 2 of the Law Decree no. 21 of 15 March 2012 as amended is obtained, on terms satisfactory to Bidco; and
- Bidco and Telit obtaining CFIUS approval in connection with the Acquisition through: (i) written notice from CFIUS that: (A) CFIUS has concluded that the transaction described in a notice or declaration submitted to CFIUS is not a "covered transaction" as that term is defined in 31 C.F.R. § 800.213; or (B) CFIUS has concluded all action under Section 721 of the DPA, including all implementing regulations; or (ii) the President's announcement of a decision not to exercise the President's authority under section 721(d) of the DPA with respect to the Transaction.

The attention of Telit Shareholders is drawn to the fact that the Acquisition is also conditional on other Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document.

It is expected that the Scheme Document, along with the notice of the Court Meeting and the General Meeting and the Forms of Proxy and Form of Election, will be published within 28 days of this Announcement (or on such later date as may be agreed by Bidco, Telit and the Takeover Panel).

6. Irrevocable undertakings and letter of intent

Pursuant to the irrevocable undertakings received from the Telit Directors holding Telit Shares referred to above, each of the Telit Directors who is interested in Telit Shares has irrevocably undertaken to vote (or procure the vote) in favour of the Scheme at the Court Meeting and in favour of the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer) in respect of their entire beneficial holding of Scheme Shares. Paolo Dal Pino has in addition, irrevocably undertaken to elect for the Alternative Offer (subject to the terms and conditions of the Alternative Offer set out in paragraph 11 of this Announcement), in respect of his entire beneficial holding of Scheme Shares (including any Telit Shares resulting from the exercise of options granted pursuant to the Telit Share Plans).

In addition to the irrevocable undertakings received from the Telit Directors holding Telit Shares, Bidco has received irrevocable undertakings from Richard Griffiths and Davide Serra (the "**Rollover Shareholders**") (as detailed in Appendix III to this Announcement) to: (a) vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer); and (b) elect for the Alternative Offer (subject to the terms and conditions of the Alternative Offer set out in paragraph 11 of this Announcement), in each case in respect of his entire beneficial holding of Scheme Shares. In aggregate, the Rollover Shareholders hold 19,645,140 Telit Shares (representing, in aggregate, approximately 14.62 per cent. of the Telit Shares in issue on the Last Practicable Date).

In addition to the irrevocable undertakings noted above, Bidco has received an irrevocable undertaking from Run Liang Tai Management Limited to: (a) vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer); and (b) elect not to take up the Alternative Offer, in respect of their entire beneficial holding of Scheme Shares in respect of 20,030,495 Telit Shares (representing, in aggregate, approximately 14.62 per cent. of the Telit Shares in issue on the Last Practicable Date).

Bidco has also received a non-binding letter of intent (as detailed in Appendix III) from Compass Asset Management SA to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of the Takeover Offer), in respect of 2,220,002 Telit Shares (representing, in aggregate, approximately 1.65 per cent. of the Telit Shares in issue on the Last Practicable Date).

In aggregate, therefore, Bidco has received irrevocable undertakings to vote in favour of:

- the Scheme at the Court Meeting in respect of 40,703,624 Telit Shares, representing approximately 30.29 per cent. of the issued ordinary share capital of Telit and approximately 40.94 per cent. of the Scheme Shares eligible to vote at the Court Meeting, in each case on the Latest Practicable Date; and
- the Resolutions at the General Meeting in respect of 40,703,624 Telit Shares, representing approximately 30.29 per cent. of the issued ordinary share capital of Telit on the Latest Practicable Date.

Full details of the irrevocable undertakings and letter of intent received by Bidco are set out in Appendix III to this Announcement.

7. Information on DBAY and Bidco

DBAY

DBAY is a regulated investment manager licensed to conduct investment business by the Isle of Man Financial Services Authority. It was founded in 2011 and manages a range of funds and co-investment vehicles for endowments, foundations and other institutional investors. DBAY has offices in Douglas and London.

DBAY supports companies in which it makes long term investments to develop clear growth opportunities with a particular emphasis on creating long term value by working alongside management teams.

Bidco

Bidco is a limited company registered in England and Wales and incorporated on 23 April 2021. Bidco was formed for the purposes of the Acquisition and is an entity owned by funds managed by DBAY and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

The current director of Bidco is Michael Haxby. Further details in relation to Bidco will be contained in the Scheme Document.

8. Information on Telit

Telit, is a global leader in Internet of Things (IoT) enablement, with an extensive portfolio of wireless connectivity modules, platforms and virtual cellular IoT operator services, empowering hundreds of millions of connected 'things' to date, and trusted by thousands of direct and indirect customers, globally. With nearly two decades of IoT innovation experience, Telit continues to redefine the boundaries of digital business, by delivering secure, integrated end-to-end IoT solutions for many of the world's largest brands, including enterprises, OEMs, system integrators and service providers across a wide range of industries, enabling their pursuit of enterprise digital transformation.

Telit provides critical ingredients to fulfil the need for real time data from the physical world. These include the following components:

- **IoT Products.** A diversified portfolio of modules that allow "things" to be connected using the best available and most suitable technology (Cellular, GNSS, Wi-Fi and BT/BLE) for the applications being developed. Telit's products provide a significant reduction in time-to-market and total cost of ownership for customers. Telit markets its IoT products to a broad range of market segments including asset tracking, health care, security, telematics, point of sale, wearables, telemetry, industry, energy and smart metering. In order to cater to such diverse industries, Telit continues to develop a wide range of cellular products from low bandwidth 2G and NB-IoT to high category LTE and 5G modules.
- **IoT Cloud and Connectivity services.** These allow scaling and global deployments of customers' IoT solutions with a single point of contact. Telit are now a licensed MVNO delivering coverage and reliable networks, including LPWA in approximately 190 countries, high availability services aligned with mission critical IoT deployments including global IP network, based on premise with AWS cloud hybrid backup. Telit's network security including all Telit's SIM solutions has Multi-IMSI support combined with Telit's IoT connectivity manager

ease of a single management platform, global flat price, single bill and dedicated 24/7 IoT support services, without the need for in-house experts, mapping and contracting separately with multiple global MNOs. Telit continues to invest in and develop its IoT connectivity business, which covers all customer connectivity needs and provides a recurring revenue stream for Telit.

- **IoT Platform services.** Telit's IoT platform is an industrial grade suite of software that provides device management, connectivity management, and application enablement, which allows for the creation and management of IoT applications, from standalone applications such as metering and asset tracking to more robust Industry 4.0 / Industrial IoT (IIoT) and factory automation solutions. The platform is designed to enable customers to manage their IoT deployments through a single IoT portal which facilitates interaction with MNOs, dash boarding tools, security and administration as well as tying in with Telit's modules in the field. The portal is a significant tool to manage any IoT deployment efficiently, save costs, be flexible and solve issues remotely. Telit expect to increase the attach rate of services to our product's utilising our OneEdge solutions.

These three components allow Telit to quickly deploy IoT solutions with complete life cycle management (long and short-range connectivity devices, global data plans and IoT platform), in traditional IoT verticals such as asset tracking, logistics, remote industrial monitoring, automated utility meter reading, telematics, mobile health devices, and the fast-growing enterprise market.

9. Telit Share Plans

Participants in the Telit Share Plans will be contacted regarding the effect of the Acquisition on their rights under the Telit Share Plans and appropriate proposals in accordance with Rule 15 of the Code will be made to such participants in due course.

Details of these proposals will be set out in the Scheme Document.

10. Financing

The cash consideration payable to the Telit Shareholders under the terms of the Cash Offer will be financed by a combination of equity to be invested by funds managed by DBAY, intercompany loans and debt to be provided under the Cash Bridge Facility and Facility B (which will be made available to Bidco pursuant to an intercompany loan agreement between US Holdco and Bidco).

Investec, as financial adviser to Bidco, is satisfied that sufficient cash resources are available to Bidco to enable it to satisfy in full the cash consideration to Telit Shareholders under the terms of the Acquisition.

11. Alternative Offer

Under the Alternative Offer, Scheme Shareholders (other than Scheme Shareholders resident or located in a Restricted Jurisdiction) may elect, in respect of all (but not part) of their Scheme Shares to receive one Consideration Loan Note for each Scheme Share in lieu of the Cash Offer to which they are otherwise entitled. The Consideration Loan Notes will be issued by Bidco, credited as fully paid, in amounts and integral multiples equal to the Cash Offer.

The Consideration Loan Notes will be exchanged by way of a call option exercisable by Holdco, for Holdco Loan Notes and the Holdco Loan Notes will thereafter be exchanged by way of a call option exercisable by Midco, for Consideration Shares.

The current share capital of Midco consists of 100 ordinary voting shares. Prior to completion of the Acquisition, these shares will be reclassified as Midco A Shares. On or around completion of the Acquisition, Midco will issue Midco A Shares and Midco B Shares. These shares comprise the aggregate of: (a) the Consideration Shares (which shall be Midco B Shares) to be issued to Telit Shareholders pursuant to the Alternative Offer; (b) the Midco A Shares required to be subscribed for by DBAY and other investor(s), indirectly via Topco, to part fund the cash consideration payable in respect of the Acquisition; and (c) the Midco A Shares to be issued to Topco in connection with the acquisition by Midco of the Telit Shares currently held by funds managed by DBAY. The number of Midco A Shares and Midco B Shares issued is primarily dependent on the number of elections made for the Alternative Offer as this will affect both the number of Consideration Shares issued and the amount required to be subscribed by Topco to part fund the cash consideration payable in respect of the Acquisition.

The Alternative Offer is not being offered, sold or delivered, directly or indirectly, in or into any Restricted Jurisdiction. Further details in relation to Scheme Shareholders resident, or located, in overseas jurisdictions will be contained in the Scheme Document.

In addition, as described below, Telit Shareholders should note that additional shares, loan notes or other securities may be issued by Midco or its subsidiaries from time to time following the Effective Date and that the holders of Midco B Shares will not always be entitled to participate in any such issue, so that their percentage interests in Midco may be diluted over time, potentially significantly.

Risk factors and other investment considerations

Disadvantages of electing for the Alternative Offer

- The Consideration Shares, which Scheme Shareholders will hold following the exchange of the Bidco Loan Notes for the Holdco Loan Notes and thereafter, the exchange of the Holdco Loan Notes for the Consideration Shares, as described in Appendix IV to this Announcement, are unlisted and will not be admitted to trading on any stock exchange and will therefore, be illiquid.
- The Consideration Shares will be of uncertain value and there can be no assurance that they will be capable of being sold in the future.
- The Consideration Shares are non-transferable, non-voting shares and only the Midco A Shares carry voting rights.
- The holders of the Consideration Shares will only have customary pre-emption rights on new issues of securities by Midco if any such issue is for cash.
- The right of holders of Consideration Shares to participate in future issues of securities by Midco will also be subject to other important exceptions. These exceptions may be particularly relevant in practice. Holders of Consideration Shares may well suffer dilution, not only in their percentage ownership but also in the value of their Consideration Shares since such further issues may reduce any net return derived by the Consideration Shares when compared to any such net return that might otherwise have been derived had Midco not issued those securities. This dilution and reduction may be significant. For example:
- Holders of Consideration Shares will not be entitled to participate in any issues of securities to actual or potential employees, directors, officers or consultants of Midco (whether of the same or different classes to the Consideration Shares). This is important since, common to many private equity acquisitions, DBAY may introduce one or more management incentive plans for actual or potential employees, directors, officers and consultants of the Wider Telit Group after the Effective Date.
- Management incentive plans generally provide participants with a significant interest in securities in Midco, and, if one is introduced, it may result in a significant dilution of the Consideration Shares. In addition, Midco may not receive material cash sums on the issue of such securities and the returns on those securities may potentially be structured to increase their proportionate interest in the value of the Wider Telit Group as it increases in value (whether pursuant to a ratchet mechanism or otherwise). These issues of securities may occur initially following the Acquisition, but further issues are likely in the future as the Wider Telit Group expands (whether as a result of further acquisitions or organic growth or otherwise).
- Similarly, holders of Consideration Shares will not be entitled to participate in issues of securities by Midco in consideration for, or in connection with, its acquisition of other assets, companies or all or part of any other businesses or undertakings (for example, if the Wider Telit Group expands).
- In relation to those issues of securities in which holders of Consideration Shares are entitled to participate, if they wish to avoid their percentage interest in Midco being reduced by any such issue, they will need to invest further cash sums in Midco.
- The precise numbers of securities that may be issued by Midco from time to time cannot be ascertained at the date of this Announcement and will depend on a variety of factors including those described above.
- The Telit Shares are currently admitted to trading on AIM. Certain standards and protections afforded to shareholders in a company admitted to trading on AIM will be substantially different to a shareholding in an unlisted private company which a Scheme Shareholder would receive as a result of electing for the Alternative Offer.

Advantages of electing for the Alternative Offer

- The Alternative Offer allows Scheme Shareholders to invest directly in the Wider Telit Group, providing continued economic exposure to Telit under private ownership.
- The Consideration Shares will rank economically pari passu with the Midco A Shares in issue at the time the Consideration Shares are allotted and issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

Upon the Scheme becoming Effective, Scheme Shareholders who have not validly elected for the Alternative Offer in respect of all of their holding of Scheme Shares will automatically receive the Cash Offer in respect of their entire holding of Scheme Shares.

The issue of Consideration Loan Notes pursuant to the Alternative Offer will be subject to the Conditions and further terms set out in Appendix I to this Announcement and further details of the Alternative Offer, the Wider Bidco Group and the rights attaching to the Consideration Loan Notes and the Consideration Shares are set out in Appendix IV to this Announcement.

The Consideration Loan Notes will then be immediately exchanged by way of a call option exercisable by Holdco for the Holdco Loan Notes and the Holdco Loan Notes will thereafter be immediately exchanged for the Consideration Shares by way of a call option exercisable by Midco. The Holdco Loan Notes will have equivalent terms to the Consideration Loan Note terms as described in Appendix IV to this Announcement. The Consideration Shares will be issued within 14 days of the Effective Date.

The Consideration Shares will be allotted and issued credited as fully paid and, other than voting rights, will rank pari passu in all respects with the Midco A Shares in issue at the time the Consideration Shares are allotted and issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.

For the purposes of Rule 24.11 of the Code, Investec will provide an estimate of the value of a Consideration Share, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, in a letter to be set out in the Scheme Document.

12. Management, employees and locations of the Telit Group

As discussed in paragraph 4 of this Announcement, DBAY has been following the Telit story for some time, attracted by the business model, market opportunity and management team. DBAY became a shareholder in the business in July 2020 and since that time its knowledge of Telit has continued to grow with its shareholding. As Telit's largest shareholder, DBAY believes that, whilst the business has strong growth potential, Telit will be able to achieve superior growth as a private business, without the constraints and distractions of a listing, and with a shareholder with the financial resources and focus to accelerate the strategy.

Strategy

DBAY has spent a significant amount of time with Telit's senior management team both through engagement as a shareholder and more recently through a due diligence exercise. This has enabled DBAY to evaluate the strategic and operational plans that the senior management team has for Telit and DBAY is supportive of the Telit management team's strategy. DBAY has also identified a number of initiatives that it believes would help Telit accelerate its existing strategy, including:

- continued investment in Telit's global sales and marketing functions to complete the transition from a product-led sales model to selling value-added solutions and realising cross-sell opportunities between hardware and cloud & connectivity customers;
- continued investment in R&D to maintain Telit's technology and innovation leadership;
- continued focus on building Telit's leadership positions in targeted end-customer industry verticals;
- sourcing and executing financially and strategically accretive M&A opportunities;
- continued operational and financial improvement initiatives to deliver world class performance and leverage existing infrastructure with increasing revenues; and
- continued investment in the management and employee team, with focus on depth of talent and succession planning.

Following completion of the Acquisition, DBAY intends to work with Telit's management to undertake a detailed evaluation of the Telit Group and its businesses. This evaluation will involve a review of the short and long-term of

to enhance the strategic and operational planning and support the acceleration of Telit's stated strategy.

R&D

R&D is a critical success factor in Telit's proposition, enabling it to provide best in class hardware, cloud and connectivity solutions to customers. DBAY is supportive of the management team's strategy around R&D, and the need to invest in order to maintain technology leadership, and does not envisage any changes to this approach.

Employees, Management and Directors

DBAY attaches great importance to the skills, experience and continued commitment of Telit's management and employees, and intends to support the CEO in continuing to build a world class leadership team with organisational depth.

Recognising that Telit has undergone a number of operational changes in recent years (including the divestment of its Automotive segment in 2019), DBAY will support Telit's management team in the continuous review of Telit's operations to ensure Telit is optimised to deliver the Telit Group's strategic objectives including any operational adjustments required as Telit transitions from being a public company to a private company.

DBAY intends to safeguard the existing statutory and contractual employment rights, including pension rights, of the employees and management of the Telit Group. DBAY does not envisage making any material reduction to the headcount, or any material change to the conditions of employment or to the balance of skills and functions, of the employees and management of the Telit Group.

The current non-executive directors of Telit will resign from Telit on the Effective Date.

Pensions

Telit operates a number of defined contribution and defined benefit pension plans, which require contributions to be made to a separately administered fund. DBAY does not envisage making any changes to the existing agreed pension contributions (including with regard to the current arrangements for the funding of any scheme deficit) or the accrual of benefits for existing members of the Telit pension plans or the admission of any new members into the existing Telit defined contribution pension plans.

Management incentives

DBAY has not entered into, and has not had discussion on proposals to enter into, any form of incentive arrangements with members of Telit's management. DBAY intends to put in place appropriate long term incentive arrangements for Telit's management following the completion of the Acquisition.

Locations of business, headquarters, and research and development

Telit currently operates in multiple jurisdictions, with R&D capabilities and senior management located across a number of geographies. Following completion of the Acquisition, it is envisaged that the R&D facilities and headquarter location and functions will continue to operate from Telit's existing locations, and DBAY does not envisage any change in the locations of Telit's offices and plans to follow the current management team's strategy with respect to Telit's locations and offices.

Fixed assets

DBAY does not envisage any redeployment of Telit's fixed asset base, above and beyond any ordinary course development required for Telit to execute its strategic plans.

Trading facilities

Telit Shares are currently traded on AIM and, as set out in paragraph 15 of this Announcement, a request will be made to the London Stock Exchange to cancel trading in Telit's shares on AIM, to take effect from or shortly after the Effective Date. As stated in paragraph 15 of this Announcement, dealings in Telit Shares will be suspended prior to the Effective Date and thereafter there will be no trading facilities in relation to Telit Shares. As a result of the cancellation of admission to trading in Telit Shares on AIM, DBAY expects to achieve savings from Telit no longer having to comply with its ongoing public company reporting obligations.

No statements in this section are "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

13. Offer-related arrangements

Confidentiality Letter

DBAY and Telit entered into the Confidentiality Letter on 1 December 2020 pursuant to which each party has undertaken to keep confidential information relating to the other and not to disclose it to third parties (other than to permitted disclosees) unless required by law or regulation. These confidentiality obligations shall remain in force until the earlier of: (a) a period of 18 months from the date of the Confidentiality Letter; or (b) completion of the Acquisition. The Confidentiality Letter further includes customary non-solicitation obligations on DBAY.

Confidentiality and Joint Defence Agreement

DBAY, Telit, Hogan Lovells International LLP and CMS Cameron McKenna Nabarro Olswang LLP entered into the Confidentiality and Joint Defence Agreement on 20 April 2021 which governs the relationship between the parties in the provision of information for the purposes of competition and regulatory clearances without triggering Rule 20.2 of the Code (which would require Telit to share such information with a competing offeror if it was provided to DBAY) as is outlined in Practice Statement 30 of the Code. The effect of the Confidentiality and Joint Defence Agreement is that certain information is shared on an outside counsel basis only, although it does not restrict advice being given in respect of conclusions drawn from that information.

Co-Operation Agreement

On 24 May 2021, Bidco and Telit entered into a co-operation agreement (the "**Co-operation Agreement**"), in relation to the Offer and other related matters. The Co-operation Agreement contains certain undertakings, representations and warranties, with respect to the co-operation of the parties relating to the implementation of the Offer. Bidco therein reserves the right to implement the Acquisition by way of a Takeover Offer if: (a) Telit provides its consent in writing; (b) a third party announces a Competing Proposal (as defined below) which is recommended in whole or in part by the Telit Directors or following which the Telit Directors fail to publicly reaffirm their recommendation to the Telit Shareholders to vote in favour of the Scheme within two Business Days of being requested by Bidco in writing to do so; or (c) the Telit Directors: (i) do not include the unanimous recommendation of the Telit Directors to the Telit Shareholders to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (the "**Telit Board Recommendation**") in the Scheme Document; (ii) withdraw, qualify or adversely modify the Telit Board Recommendation prior to the Court Meeting or the General Meeting; or (iii) prior to publication of the Scheme Document, withdraw, qualify or adversely modify their intention to give the Telit Board Recommendation in any such document, including making any public statement to such effect. In addition, Bidco has agreed to certain provisions if the Scheme should switch to a Takeover Offer.

Pursuant to the Co-operation Agreement, Bidco and Telit agree they will work together in order to make the appropriate proposals, in relation to the Offer, to participants in the Telit Share Plans and co-operate and assist each other in obtaining the clearances (as defined therein).

The Co-operation Agreement will terminate in certain circumstances, save in respect of certain surviving provisions, including if:

- (a) the Telit Directors withdraw, adversely modify or adversely qualify the Telit Board Recommendation;
- (b) an announcement by a third party of a firm intention to make an offer (whether or not subject to the satisfaction or waiver of any pre-conditions) under the Code (a "**Competing Proposal**") is recommended by the Telit Directors;
- (c) a Competing Proposal completes, becomes effective or is declared or becomes unconditional in all respects;
- (d) the Scheme (or the Takeover Offer as the case may be) is withdrawn or lapses in accordance with its terms and, where required, with the consent of the Panel (other than where: (i) such lapse or withdrawal is a result of the exercise of the right to elect to implement the Acquisition by means of a Takeover Offer at any time as an alternative to the Scheme as set out in this Announcement; or (ii) is in connection with Bidco or a person acting in concert with Bidco implementing the Acquisition by a different takeover offer or scheme of arrangement on substantially the same or improved terms in favour of the Telit Shareholders and an announcement under Rule 2.7 of the Code is made in respect of such takeover offer or scheme by Bidco or a person acting in concert with Bidco within ten Business Days of such lapsing or withdrawal);
- (e) the Effective Date has not occurred by the Long Stop Date;
- (f) any Condition becomes incapable of satisfaction (unless otherwise waived by Bidco) or is invoked (with the permission of the Panel) so as to cause the Acquisition not to proceed;

- (g) if the Scheme is not approved by the requisite majority of Telit Shareholders at the Court Meeting or the relevant resolutions are not passed by the requisite majority of Telit Shareholders at the General Meeting or the Scheme is not sanctioned by the Court at the Court Hearing and, within ten Business Days of any such event, Bidco has not elected, to implement the Acquisition by means of a Takeover Offer; or
- (h) agreed in writing between the Parties at any time prior to the Effective Date.

14. Structure of the Acquisition

Scheme

The Acquisition will be effected by a Court-sanctioned scheme of arrangement between Telit and the Scheme Shareholders under Part 26 of the Companies Act. The purpose of the Scheme is to provide for Bidco to become the owner of the entire issued and to be issued ordinary share capital of Telit. Under the Scheme, the Acquisition is to be achieved by the:

- transfer of the Scheme Shares held by Scheme Shareholders to Bidco in consideration for which the Scheme Shareholders will receive the cash consideration under the Cash Offer or Consideration Loan Notes under the Alternative Offer pursuant to the Scheme; and
- passing of the Resolutions at the General Meeting (including amendments to Telit's Articles to ensure that any Telit Shares issued between approval of the Scheme at the Court Meeting and the Scheme Record Time will be subject to the Scheme and that any Telit Shares issued after the Scheme Record Time will automatically be acquired by Bidco).

Approval at the Court Meeting and General Meeting

To become Effective, the Scheme requires, amongst other things:

- the approval of a majority in number of the Telit Shareholders who vote, representing not less than 75 per cent. in value of the Scheme Shares voted, either in person or by proxy, at the Court Meeting; and
- the approval by the requisite majority of the Resolutions at the General Meeting (to be held directly after the Court Meeting) necessary in order to implement the Scheme.

Application to the Court to sanction the Scheme

Once the resolutions have been passed at the Court Meeting and the General Meeting and the other Conditions have been satisfied or (where applicable) waived, the Scheme must be sanctioned by the Court at the Court Hearing.

The Scheme will become Effective in accordance with its terms on delivery of a copy of the Court Order to the Registrar of Companies. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or General Meeting, or whether they voted in favour of or against the Scheme.

Full details of the Scheme to be set out in the Scheme

The Scheme Document will include full details of the Scheme, including the expected timetable and the action to be taken by Telit Shareholders. The Scheme will be governed by the laws of England and Wales and will be subject to the applicable requirements of the Code, the Takeover Panel, the AIM Rules, the London Stock Exchange and the FCA.

It is expected that the Scheme Document, along with the notice of the Court Meeting and the General Meeting and the Forms of Proxy and Form of Election will be published within 28 days of this Announcement (or on such later date as may be agreed by Bidco and Telit with the consent of the Takeover Panel). Subject to certain restrictions relating to persons resident in Restricted Jurisdictions, the Scheme Document will also be made available on DBAY's website at www.dbayadvisors.com/offer-docs/ and on Telit's website at <https://www.telit.com/about/investor-relations/possible-offers/>.

At this stage, subject to the satisfaction or waiver of the Conditions and certain further terms set out in Appendix I to this Announcement, Bidco and Telit currently expect the Acquisition to become Effective in the second half of 2021.

If the Scheme does not become Effective on or before 11.59 p.m. on the Long Stop Date (or such later date as Telit and Bidco may, with the consent of the Takeover Panel, agree and, if required, the Court may approve) it will lapse and the Acquisition will not proceed (unless the Takeover Panel otherwise consents¹).

Right to switch to a Takeover Offer

Bidco reserves the right to elect, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of Telit as an alternative to the Scheme. In such circumstances, the Takeover Offer will be implemented on the same terms or, if Bidco so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part B of Appendix I to this Announcement.

15. Cancellation of admission to trading and re-registration of Telit

Prior to the Scheme becoming Effective, an application will be made to the London Stock Exchange for admission of the Telit Shares to trading on AIM to be cancelled on or shortly after the Effective Date. The last day of dealings in, and for registration of transfers of, Telit Shares is expected to be at the close of business on the Business Day immediately following the Court Hearing and no transfers will be registered after 6.00 p.m. on that date. No dealings in Telit Shares will be registered after this date.

On the Effective Date, Telit will become a wholly-owned subsidiary of Bidco and share certificates in respect of the Telit Shares will cease to be valid and should be destroyed. In addition, entitlements to Telit Shares held within the CREST system will be cancelled on the Effective Date.

It is also intended that shortly after the Effective Date, Telit will be re-registered as a private limited company under the relevant provisions of the Companies Act.

16. Disclosure of interests in Telit

As at the close of business on the Last Practicable Date, save for: (i) the disclosures set out in this paragraph 16; and (ii) the irrevocable undertakings and letter of intent referred to in paragraph 6 of this Announcement, none of Bidco or any director of Bidco or, so far as Bidco is aware, any person acting, or deemed to be acting, in concert with Bidco:

- (a) had an interest in, or right to subscribe for, relevant securities of Telit;
- (b) had any short position in (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Telit;
- (c) had procured an irrevocable commitment or letter of intent to accept the terms of the Acquisition in respect of relevant securities of Telit; or
- (d) had borrowed or lent, or entered into any financial collateral arrangements, or was party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Code, in relation to relevant securities of Telit (save for any borrowed relevant securities of Telit which have been either on lent or sold).

Furthermore, save for the irrevocable undertakings and letter of intent described in paragraph 6 of this Announcement, no arrangement exists between Bidco or Telit or a person acting in concert with Bidco or Telit in relation to Telit Shares. For these purposes, an "arrangement" includes any indemnity or option arrangement, any agreement or any understanding, formal or informal, of whatever nature, relating to Telit Shares which may be an inducement to deal or refrain from dealing in such securities.

Holdings in Telit of DBAY

Funds managed by DBAY beneficially own, in aggregate, 34,970,165 Telit Shares, representing approximately 26.02 per cent. of the voting rights attributable to Telit's issued share capital as at the Latest Practicable Date.

17. Overseas shareholders

The availability of the Acquisition and the distribution of this Announcement to Telit Shareholders who are not resident in the UK may be affected by the laws of the relevant jurisdiction in which they are located. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction. Telit Shareholders who are in any doubt regarding such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

This Announcement does not constitute an offer for sale of any securities or an offer or an invitation to purchase any securities. Telit Shareholders are advised to read carefully the Scheme Document and related Forms of Proxy and Form of Election once they have been despatched.

The Alternative Offer is not being made available in the United States, Canada, Japan, South Africa, Australia or any other Restricted Jurisdiction.

Telit Shareholders located or resident in the United States or who are otherwise US Persons will not be permitted to elect receipt of the Consideration Loan Notes pursuant to the Alternative Offer, and any purported election to receive Consideration Loan Notes pursuant to the Alternative Offer by Telit Shareholders from the United States, or which, at the sole discretion of Bidco, appear to be made in respect of Telit Shares beneficially held by persons located or resident in the United States or who otherwise appear to be US Persons will not be accepted. Accordingly, Telit Shareholders located or resident in the United States or who are otherwise US Persons will receive cash pursuant to the Scheme.

Where Bidco believes that an election for the Alternative Offer by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration under the securities laws of any Restricted Jurisdiction, Bidco will have the right to deem that such Scheme Shareholder has not validly elected for the Alternative Offer and such Scheme Shareholder will instead receive the Cash Offer in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Acquisition.

Further information for Telit Shareholders resident, or located, in overseas jurisdictions will be set out in the Scheme Document.

18. General

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document and Forms of Proxy and Form of Election. It is expected that the Scheme Document, along with the notice of the Court Meeting and the General Meeting and the Forms of Proxy and Form of Election will be published within 28 days of this Announcement (or on such later date as may be agreed by the Takeover Panel).

Investec, Rothschild & Co and FinnCap have each given and not withdrawn their consent to the inclusion in this Announcement of the references to their respective names in the form and context in which they appear.

Appendix II to this Announcement contains details of sources of information and bases of calculations contained in this Announcement. Appendix III to this Announcement contains certain details relating to the irrevocable undertakings and letter of intent referred to in this Announcement. Appendix IV to this Announcement contains further details of the Alternative Offer, the Wider Bidco Group and the rights attaching to the Consideration Loan Notes and the Consideration Shares. Appendix V to this Announcement contains definitions of certain terms used in this Announcement.

19. Documents on display

Copies of this Announcement and the following documents will, by no later than 12 noon on the Business Day following the date of this Announcement, be made available on DBAY's website at www.dbayadvisors.com/offer-docs/ and on Telit's website at <https://www.telit.com/about/investor-relations/possible-offers/> until the end of the Acquisition:

- the irrevocable undertakings and letter of intent referred to in paragraph 6 (*Irrevocable undertakings and letter of intent*) and described in Appendix III to this Announcement;
- the Cash Bridge Facility and Facility B referred to in paragraph 10 (*Financing*);
- the Confidentiality Letter referred to in paragraph 13 (*Offer-related arrangements*);
- the Confidentiality and Joint Defence Agreement referred to in paragraph 13 (*Offer-related arrangements*);
- the Co-operation Agreement referred to in paragraph 13 (*Offer-related arrangements*); and
- the consents from Investec, Rothschild & Co and FinnCap to being named in this Announcement.

Enquiries:

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FinnCap (Financial adviser, Nomad and broker to Telit)

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Hogan Lovells International LLP is providing legal advice to DBAY and Bidco. CMS Cameron McKenna Nabarro Olswang LLP is providing legal advice to Telit.

Important notices

Investec Bank plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, is acting as financial adviser to Bidco and for no one else in connection with the Acquisition or other matters referred to in this Announcement and will not be responsible to anyone other than Bidco for providing the protections afforded to its clients nor for providing advice in relation to the Acquisition, the contents of this Announcement or any other matters set out in this Announcement.

Rothschild & Co, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser under Rule 3 of the Code to Telit in connection with the matters set out in this Announcement and for no one else and will not be responsible to anyone other than Telit for providing the protections afforded to its clients or for providing advice in relation to the matters set out in this Announcement. Neither Rothschild & Co nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Acquisition or otherwise.

FinnCap, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Telit and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than Telit for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.

Further information

This Announcement is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or subscribe for or any invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely through the Scheme Document and the accompanying Forms of Proxy and Form of Election, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any approval, decision or other response to the Acquisition should be made only on the basis of the information in the Scheme Document. Telit Shareholders are strongly advised to read the formal documentation in relation to the Acquisition once it has been despatched. Each Telit Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences to it (or its beneficial owners) of the Acquisition.

The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them. and service of this

Announcement shall not give rise to any implication that there has been no change in the facts set forth in this Announcement since such date.

This Announcement does not constitute a prospectus or prospectus equivalent document.

Overseas shareholders

The release, publication or distribution of this Announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular the ability of persons who are not resident in the UK to vote their Telit Shares at the Court Meeting or General Meeting, or to appoint another person as proxy to vote at the Court Meeting or General Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located.

Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with the laws of England and Wales, Market Abuse Regulation, AIM Rules and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales. Unless otherwise determined by Bidco or required by the Code, and permitted by applicable law and regulation, the Acquisition will not be made available directly or indirectly in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by use of mail or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction.

Copies of this Announcement and any formal documentation relating to the Acquisition will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

Where Bidco believes that an election for the Alternative Offer by any Scheme Shareholder may infringe applicable legal or regulatory requirements, or may result in a requirement for a registration under the securities laws of any Restricted Jurisdiction, Bidco will have the right to deem that such Scheme Shareholder has not validly elected for the Alternative Offer and such Scheme Shareholder will instead receive the Cash Offer in respect of the Scheme Shares which were subject to such an election in accordance with the terms of the Acquisition.

Further details in relation to Telit Shareholders in overseas jurisdictions will be contained in the Scheme Document.

Additional information for US investors

The Acquisition relates to the shares of a UK company and is being made by means of a scheme of arrangement provided for under the laws of England and Wales. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the Exchange Act and is exempt from the registration requirements of the Securities Act. Accordingly, the Acquisition will be subject to disclosure requirements and practices applicable in the UK and to schemes of arrangement under the laws of England and Wales, which are different from the disclosure and other requirements applicable to a US tender offer. Neither the SEC, nor any securities commission of any state of the United States, has approved or disapproved any offer, or comment upon the adequacy or completeness of any of the information contained in document. Any representation to the contrary is a criminal offence in the United States.

Financial information relating to Telit included in this Announcement and the Scheme Document has been or will have been prepared in accordance with accounting standards applicable in the United Kingdom that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Consideration Loan Notes to be issued pursuant to the Scheme under the Alternative Offer may not be offered or sold in the United States absent registration or an exemption from registration. No US offer of such Consideration Loan Notes will be made in the United States. The Consideration Loan Notes have not been and will not be registered under the US Securities Act or under the relevant securities laws of any state or territory or other jurisdiction of the United States and will not be listed on any stock exchange in the United States, and may not be offered, sold or delivered, directly or indirectly, in, into or from the United States. Neither the US Securities a

securities commission has approved or disapproved of the Consideration Loan Notes or determined that this document is accurate or complete. Any representation to the contrary is a criminal offence.

Telit Shareholders located or resident in the United States or who are otherwise US Persons will not be permitted to elect receipt of the Consideration Loan Notes pursuant to the Alternative Offer, and any purported election to receive Consideration Loan Notes pursuant to the Alternative Offer by Telit Shareholders from the United States, or which, at the sole discretion of Bidco, appear to be made in respect of Telit Shares beneficially held by persons located or resident in the United States or who otherwise appear to be US Persons will not be accepted. Accordingly, Telit Shareholders located or resident in the United States or who are otherwise US Persons will receive cash pursuant to the Scheme, and no Consideration Loan Notes will be issued to any such Telit Shareholder.

By electing receipt of the Consideration Loan Notes pursuant to the Alternative Offer, Telit Shareholders will be deemed to represent and warrant, on behalf of themselves and any person on whose behalf they beneficially hold their Telit Shares, that they: (i) are not located or resident in the United States or otherwise a US Person; and (ii) are not electing receipt of Telit Shares pursuant to the Alternative Offer with a view to, or for offer or sale of Consideration Loan Notes in connection with, any distribution thereof (within the meaning of the Securities Act) in the United States or to US Persons.

The receipt of cash consideration pursuant to the Cash Offer by a US holder of Telit Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each US holder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him, her or it.

It may be difficult for US holders of Telit Shares to enforce their rights and any claims they may have arising under US Federal securities laws in connection with the Acquisition, since Telit is organised under the laws of a country other than the United States, and some or all of its officers and directors may be residents of countries other than the United States, and most of the assets of Telit are located outside of the United States. US holders of Telit Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US Federal securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's jurisdiction or judgment.

The Acquisition may, in the circumstances provided for in this Announcement, instead be carried out by way of a Takeover Offer under the laws of England and Wales. If Bidco exercises, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, its right to implement the Acquisition by way of a Takeover Offer, such Takeover Offer will be made in compliance with applicable US tender offer and US Federal securities laws and regulations, including the exemptions therefrom. In accordance with normal UK practice and pursuant to rule 14e-5(b) of the Exchange Act, Bidco or its nominees, or its brokers (acting as agents), may, from time to time, make certain purchases of, or arrangements to purchase, Telit Shares outside of the United States, other than pursuant to the Acquisition, until the date on which the Acquisition becomes effective, lapses or is otherwise withdrawn, in compliance with applicable law, including the Exchange Act. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed, as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at www.londonstockexchange.com.

Forward-looking statements

This Announcement, oral statements made regarding the Acquisition, and other information published by Bidco and Telit contain statements which are, or may be deemed to be, "forward-looking statements" with respect to Bidco or Telit. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often (but not always) use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "will", "may", "should", "would", "could" or other words or terms of similar meaning or the negative thereof. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Bidco or Telit and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on the business of Bidco or Telit.

Although Bidco and Telit believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Telit can give no assurance that such expectations will prove to be correct. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or developments to differ materially from those

looking statements. These forward-looking statements are based on numerous assumptions regarding present and future strategies and environments. You are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. All subsequent oral or written forward-looking statements attributable to Bidco or Telit or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Announcement. Bidco and Telit expressly disclaim any intention or obligation to update publicly or revise forward-looking or other statements contained in this Announcement, whether as a result of new information, future events or otherwise, except to the extent legally required.

No profit forecasts or estimates

No statement in this Announcement is intended as a profit forecast or estimate for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per ordinary share for Telit or Bidco for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per ordinary share for Telit or Bidco.

Right to switch to a Takeover Offer

Bidco reserves the right to elect, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer for the entire issued and to be issued ordinary share capital of Telit as an alternative to the Scheme. In such an event, the Takeover Offer will be implemented on the same terms or, if Bidco so decides, on such other terms being no less favourable (subject to appropriate amendments), so far as applicable, as those which would apply to the Scheme and subject to the amendment referred to in Part B of Appendix I to this Announcement.

Rule 2.9 disclosures

In accordance with Rule 2.9 of the Code, as at close of business on the Last Practicable Date, there were 134,389,782 Telit Shares in issue and admitted to trading on AIM. There are no Telit Shares held in treasury. The ISIN Number for the Telit Shares is GB00B06GM726.

Publication on website and availability of hard copies

In accordance with Rule 26.1 of the Code, a copy of this Announcement will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, on DBAY's website at www.dbayadvisors.com/offer-docs/ and on Telit's website at <https://www.telit.com/about/investor-relations/possible-offers/> by no later than 12:00 noon on the Business Day following this Announcement. Neither the contents of this website nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this Announcement.

In accordance with Rule 30.3 of the Code, a person so entitled may request a hard copy of this Announcement, free of charge, by contacting the Company's registrars, Link Group during business hours on 0371 664 0300 (or if calling from outside the UK +44(0)371 664 0300) or by submitting a request in writing at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom. A hard copy of this Announcement will not be sent unless so requested. A person so entitled may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Information relating to Telit Shareholders

Please be aware that addresses, electronic addresses and certain information provided by Telit Shareholders, persons with information rights and other relevant persons for the receipt of communications from Telit may be provided to Bidco during the offer period as required under section 4 of Appendix 4 of the Code.

Rounding

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period.

which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (a) the offeree company; and (b) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3.30 pm (London time) on the 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (a) the offeree company; and (b) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 pm (London time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Takeover Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

General

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

APPENDIX I

CONDITIONS OF THE ACQUISITION AND CERTAIN FURTHER TERMS

Part A: Conditions of the Scheme and Acquisition

The Acquisition is conditional upon the Scheme becoming Effective by not later than 11.59 p.m. on the Long Stop Date.

1. The Scheme shall be subject to the following conditions:
 - (a) its approval by a majority in number of the Scheme Shareholders who are on the register of members of Telit (or the relevant class or classes thereof) at the Voting Record Time and who are present and vote, whether in person or by proxy, at the Court Meeting (and at any separate class meeting which may be required by the Court) and who represent not less than 75 per cent. in value of the Scheme Shares voted by those Scheme Shareholders on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and Telit may agree and the Court may allow);
 - (b) the passing of the Resolutions by the requisite majority at the General Meeting to be held on or before the 22nd day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as Bidco and Telit may agree and the Court may allow);
 - (c) the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to the Court).

day after the expected date of the Court Hearing to be set out in the Scheme Document (or such later date, if any, as Bidco and Telit may agree and the Court may allow); and

(d) delivery of a copy of the Court Order to the Registrar of Companies.

2. In addition, subject as stated in Part B below and to the requirements of the Takeover Panel, the Acquisition shall be conditional upon the following Conditions and, accordingly, the Court Order shall not be delivered to the Registrar of Companies unless such Conditions (as amended, if appropriate) have been satisfied (and continue to be satisfied pending the commencement of the Court Hearing) or, where relevant, waived in writing prior to the Scheme being sanctioned by the Court:

Regulatory approvals and clearances

(a) no Third Party having decided, threatened or given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to (in any case to an extent or in a manner which is material in the context of the Acquisition, the Wider Telit Group or the Wider Bidco Group, as the case may be, in each case, taken as a whole):

(i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Telit Group of all or any part of their respective businesses, assets, property or any shares or other securities (or the equivalent) in any member of the Wider Telit Group or any member of the Wider Bidco Group or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);

(ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, in the event that Bidco elects to implement the Acquisition by way of a Takeover Offer, require any member of the Wider Bidco Group or the Wider Telit Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Telit Group or any asset owned by any Third Party (other than in connection with the implementation of the Acquisition);

(iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group, directly or indirectly, to acquire, hold or exercise effectively all or any rights of ownership in respect of shares or loans or securities convertible into shares or other securities (or the equivalent) in Telit or on the ability of any member of the Wider Telit Group or any member of the Wider Bidco Group, directly or indirectly, to hold or exercise effectively all or any rights of ownership in respect of shares or loans or any other securities (or the equivalent) in, or to exercise voting or management control over, any other member of the Wider Telit Group;

(iv) except as Disclosed, result in any member of the Wider Telit Group or any member of the Wider Bidco Group ceasing to be able to carry on business under any names under which it currently carries on business;

(v) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, Telit by any member of the Wider Bidco Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrict, restrain or delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment to the terms of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Telit Group by any member of the Wider Bidco Group:

- (vi) impose any material limitation on, or result in material delay in, the ability of any member of the Wider Bidco Group or any member of the Wider Telit Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Telit Group;
- (vii) require any member of the Wider Telit Group or the Wider Bidco Group to relinquish, terminate or amend in any material way any material contract to which any member of the Wider Telit Group or the Wider Bidco Group is a party;
- (viii) require any member of the Wider Bidco Group or any member of the Wider Telit Group to: (A) invest, contribute or loan any capital or assets to; or (B) guarantee or pledge capital assets for the benefit of any member of the Wider Telit Group, which in each such case or together is material and adverse in the context of any member of the Wider Telit Group or in the context of the Acquisition;
- (ix) otherwise materially adversely affect all or any of the business, assets, liabilities, profits, financial or trading position of any member of the Wider Telit Group or any member of the Wider Bidco Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition or otherwise intervene having expired, lapsed or been terminated;

Other regulatory approvals

- (b) each Governmental Entity, which regulates or licences any member of the Telit Group, Bidco Group or any other body corporate in which any member of the Telit Group or Bidco Group has an interest in shares, and whose prior approval, non-objection or consent to the Acquisition is required, or any Governmental Entity, whose prior approval or consent is otherwise required in order to complete the Acquisition, or from whom one or more material licences or permissions are required in order to complete the Acquisition, having given its approval, non-objection or legitimate deemed consent or consent in writing thereto and, as the case may be, having granted such licences and permissions (in each case where required and on terms reasonably satisfactory to Bidco), and in each case the impact of which would materially adversely affect the Wider Telit Group or the Wider Bidco Group, taken as a whole, if not obtained;

Foreign Direct Investment Clearances

- (c) Clearance by the Italian Foreign Investment Authority pursuant to art. 2 of the Law Decree no. 21 of 15 March 2012 as amended having been obtained, on terms satisfactory to Bidco;
- (d) Bidco and Telit obtaining CFIUS approval in connection with the Acquisition through:
 - (i) written notice from CFIUS that: (A) CFIUS has concluded that the transaction described in a notice or declaration submitted to CFIUS is not a "covered transaction" as that term is defined in 31 C.F.R. § 800.213; or (B) CFIUS has concluded all action under Section 721 of the Defense Production Act of 1950, as amended (the "**DPA**"), including all implementing regulations; or
 - (ii) the President's announcement of a decision not to exercise the President's authority under section 721(d) of the DPA with respect to the Transaction;

Notifications, waiting periods and authorisations

- (e) other than in relation to the matters referred to in Conditions 2(a) to 2(d) (inclusive), all material notifications, filings or applications which are necessary or reasonably considered by Bidco to be appropriate having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with, in each case, in respect of the Scheme and the Acquisition in each case where the direct consequence of a failure to m

wait for the expiry, lapse or termination of any such waiting or other time period would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Telit Group, any member of the Wider Bidco Group or the ability of Bidco to implement the Scheme and all Authorisations which are necessary or reasonably considered by Bidco to be appropriate in any jurisdiction for or in respect of the Acquisition and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the Acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Telit or any other member of the Wider Telit Group by any member of the Wider Bidco Group having been obtained in terms and in a form reasonably satisfactory to Bidco from all appropriate Third Parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Telit Group or the Wider Bidco Group has entered into contractual arrangements where the direct consequence of a failure to obtain such Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Telit Group, any member of the Wider Bidco Group or the ability of Bidco to implement the Acquisition and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

Telit Shareholder resolution

- (f) except with the consent or the agreement of Bidco, no resolution of Telit Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Telit Shareholders other than in relation to the Acquisition or the Scheme and, other than with the consent or the agreement of Bidco, no member of the Wider Telit Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Takeover Panel or the approval of Telit Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

Certain matters arising as a result of any arrangement, agreement, etc.

- (g) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Telit Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any event or circumstance which, as a consequence of the Acquisition or because of a change in the control or management of any member of the Wider Telit Group or otherwise, would or might reasonably be expected to result in (in each case to an extent or in a manner which is material in the context of the Wider Telit Group, taken as a whole):
 - (i) any monies borrowed by, or any other indebtedness or liabilities, actual or contingent, of, or any grant available to, any such member being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
 - (ii) the creation, save in the ordinary and usual course of business, or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of such member or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
 - (iii) any liability of any such member to make any severance, termination, bonus or other payment to any of its directors or other officers;
 - (iv) the rights, liabilities, obligations, interests or business of any such member or any member of the Wider Telit Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any such member or any member of the Wider Telit Group in or with any other person or body or firm or company (or any arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;

- (v) any member of the Wider Telit Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (vi) the financial or trading position or prospects of, any such member being prejudiced or adversely affected;
- (vii) the creation or acceleration of any liability (actual or contingent) by any such member other than trade creditors or other liabilities incurred in the ordinary course of business; or

Certain events occurring since 31 December 2020

- (h) except as Disclosed, and except, where relevant between Telit and/or wholly owned subsidiaries of Telit, no member of the Wider Telit Group having since 31 December 2020:
 - (i) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue, of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Telit Shares out of treasury (except, where relevant as between Telit and wholly-owned subsidiaries of Telit or between the wholly-owned subsidiaries of Telit and except for the issue or transfer out of treasury of Telit Shares on the exercise of employee share options or vesting of employee share awards in the ordinary course under the Telit Share Plans);
 - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions whether payable in cash or otherwise) lawfully paid or made by any wholly-owned subsidiary of Telit to Telit or any of its wholly-owned subsidiaries;
 - (iii) other than pursuant to the Acquisition (and except for transactions in the ordinary course of business and except for and except for transactions between Telit and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Telit) implemented, effected, authorised or proposed or announced its intention to implement, effect, authorise or propose any merger, demerger, reconstruction, amalgamation, scheme, commitment or acquisition or disposal of assets or shares or loan capital (or the equivalent thereof) in any undertaking or undertakings in any such case to an extent which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
 - (iv) except for transactions in the ordinary course of business and except for transactions between Telit and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Telit, disposed of, or transferred, mortgaged or created any security interest over any material asset or any right, title or interest in any material asset or authorised, proposed or announced any intention to do so in any such case to an extent which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
 - (v) except for transactions between Telit and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Telit, issued, authorised or proposed or announced an intention to authorise or propose, the issue of or made any change in or to the terms of any debentures or become subject to any contingent liability or incurred or increased any indebtedness which in any such case is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
 - (vi) entered into or varied or authorised, proposed or announced its intention to enter into or vary any material contract, arrangement, agreement, transaction or commitment (whether in respect of capital expenditure or otherwise) except in the ordinary course of business which is of a long term, unusual or onerous nature or magnitude or which is or which involves or could reasonably be expected to involve an obligation of such nature or magnitude and which is or would be reasonably likely to be restrictive on the business of any mem

- (vii) entered into or varied the terms of, or made any offer (which remains open for acceptance) to enter into or vary to a material extent the terms of any contract, service agreement, commitment or arrangement with any director or senior executive of any member of the Wider Telit Group, otherwise than in the ordinary course of business;
- (viii) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider Telit Group, otherwise than in the ordinary course of business and other than in accordance with the terms of the Co-operation Agreement or the Acquisition;
- (ix) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital (except for the issue or transfer out of treasury of Telit Shares on the exercise of employee share options or vesting of employee share awards under the Telit Share Plans as Disclosed);
- (x) except in the ordinary course of business, waived, compromised or settled any claim which is material in the context of the Wider Telit Group as a whole or in the context of the Acquisition;
- (xi) terminated or varied the terms of any agreement or arrangement between any member of the Wider Telit Group and any other person in a manner which would or might have a material adverse effect on the financial position of the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (xii) made any material alteration to its memorandum, articles of association or other incorporation documents or any material alteration to the memorandum, articles of association or other incorporation documents of any other member of the Wider Telit Group (other than in connection with the Acquisition);
- (xiii) made or agreed or consented to any material change to:
 - (A) the terms of the trust deeds and rules constituting the pension scheme(s) established by any member of the Wider Telit Group for its directors, employees or their dependants;
 - (B) the contributions payable to any such scheme(s) or to the benefits which accrue, or to the pensions which are payable, thereunder;
 - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
 - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued, made, agreed or consented to,

in each case, to an extent which is in any such case material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition and other than as required by law;
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Telit Group or in the context of the Acquisition;
- (xv) (other than in respect of a member of the Wider Telit Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of a receiver, administrator, manager, administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or any analogous or equivalent steps or proceedings in any jurisdiction or appoint

had any such person appointed in any such case to an extent which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;

- (xvi) except for transactions between Telit and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Telit, made, authorised, proposed or announced an intention to propose any change in its loan capital which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (xvii) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing arrangement, partnership or merger of business or corporate entities, which in any such case is material in the context of the Wider Telit Group as a whole or in the context of the Acquisition; or
- (xviii) entered into any agreement, arrangement, commitment or contract or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition 2(h);

No adverse change, litigation, regulatory enquiry or similar

(i) except as Disclosed, since 31 December 2020, there having been:

- (i) no adverse change and no circumstance having arisen which would reasonably be expected to result in any adverse change in, the business, assets, liabilities, shareholders' equity, financial or trading position or profits, operational performance or prospects of any member of the Wider Telit Group which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider Telit Group is or may become a party (whether as a claimant, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of, any member of the Wider Telit Group, in each case which would reasonably be expected to have a material adverse effect on the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Telit Group (or any person in respect of which any such member has or may have responsibility or liability) having been threatened, announced, implemented or instituted or remaining outstanding by, against or in respect of any member of the Wider Telit Group, in each case, which would reasonably be expected to have a material adverse effect on the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (iv) no contingent or other liability having arisen or become apparent to Bidco or increased other than in the ordinary course of business which is reasonably likely to affect adversely the business, assets, financial or trading position or profits of any member of the Wider Telit Group to an extent which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition; and
- (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Telit Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which would reasonably be expected to have a material adverse effect on the Wider Telit Group taken as a whole or in the context of the Acquisition;

No discovery of certain matters regarding information and liabilities, corruption and intellectual property

(j) except as Disclosed, Bidco not having discovered that:

- (i) any financial, business or other information concerning the Wider Telit Group announced publicly and delivered by or on behalf of Telit through a RIS prior to the date of this Announcement or disclosed to any member of the Wider Bidco Group by or on behalf of any member of the Wider Telit Group prior to the date of this Announcement is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this Announcement by disclosure either publicly or otherwise to Bidco or its professional advisers and, in any such case, which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (ii) any member of the Wider Telit Group since 31 December 2020 and which is not a subsidiary undertaking of Telit, otherwise than in the ordinary course of business, is subject to any liability, contingent or otherwise, and which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition;
- (iii) any past or present member, director, officer or employee of the Wider Telit Group, or any person that performs or has performed services on behalf of the Wider Telit Group, has not complied with the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any laws implementing the same, the UK Bribery Act 2010 and/or the US Foreign Corrupt Practices Act of 1977;
- (iv) any past or present member, director, officer or employee of the Wider Telit Group, or any person that performs or has performed services on behalf of the Wider Telit Group, has engaged in any business with or made any investment in, or made any payments to: (A) any government, entity or individual with which US or EU persons are prohibited from engaging in activities or doing business by US or EU laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control; or (B) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of their respective member states;
- (v) any asset of any member of the Wider Telit Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); and
- (vi) since 31 December 2020, no circumstance having arisen or event having occurred in relation to any intellectual property owned, used or licensed by the Wider Telit Group or to any third parties, including: (A) any member of the Wider Telit Group losing its title to any intellectual property or any intellectual property owned by the Wider Telit Group being revoked, cancelled or declared invalid; (B) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Telit Group being terminated or varied; or (C) any claim being filed suggesting that any member of the Wider Telit Group infringed the intellectual property rights of a third party or any member of the Wider Telit Group being found to have infringed the intellectual property rights of a third party, in each case which is material in the context of the Wider Telit Group taken as a whole or in the context of the Acquisition.

Part B: Certain further terms of the Acquisition

3. Subject to the requirements of the Takeover Panel, Bidco reserves the right in its sole discretion to waive (if capable of waiver) in whole or part:
 - (a) any of the Conditions set out in the above Condition 1 of Part A relating to the timing of the Court Meeting, the General Meeting and the Court Hearing. If any of the deadlines for those events are not met, Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Telit to extend the deadline in relation to the relevant Condition; and
 - (b) all or any of the above Conditions 2(a) (*Regulatory approvals and clearances*) to 2(j) (*No Discovery of certain matters regarding information and liabilities, corruption and intellectual property*) of Part A (inclusive).

4. Conditions 2(a) (*Regulatory approvals and clearances*) to 2(j) (*No Discovery of certain matters regarding information and liabilities, corruption and intellectual property*) of Part A (inclusive) must be fulfilled or waived by no later than 11:59 p.m. on the date immediately preceding the date of the Court Hearing, failing which the Scheme will lapse or, if the Acquisition is implemented by way of a Takeover Offer, no later than as permitted by the Takeover Panel. Bidco shall be under no obligation to waive or treat as fulfilled any of the Conditions which are capable of being waived by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions of the Scheme and the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
5. Under Rule 13.5 of the Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. Condition 1 of Part A (and, if applicable, any acceptance condition adopted on the basis specified in paragraph 7 below in relation to any Takeover Offer) are not subject to this provision of the Code.
6. If Bidco is required by the Takeover Panel to make an offer for Telit Shares under the provisions of Rule 9 of the Code, Bidco may make such alterations to the Conditions and certain further terms of the Acquisition as are necessary to comply with the provisions of that Rule.
7. Bidco reserves the right to elect (with the consent the Takeover Panel and subject to the terms of the Co-operation Agreement) to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme. In such event, the Takeover Offer will be implemented on substantially the same terms, subject to appropriate amendments, as far as applicable, as those which would apply to the Scheme. The acceptance condition would be set at 90 per cent. of the shares to which such Takeover Offer relates (or such lesser percentage as Bidco may decide with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement provided that if it became or was declared unconditional in all respects, the Takeover Offer would result in Bidco holding Telit Shares carrying greater than 50 per cent. of the voting rights in Telit). Further, if sufficient acceptances of the Takeover Offer are received and/or sufficient Telit Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the Companies Act to compulsorily acquire any outstanding Telit Shares to which such Takeover Offer relates.
8. The Acquisition will lapse (unless otherwise agreed with the Takeover Panel) if:
 - (a) in so far as the Acquisition or any matter arising from or relating to the Scheme or Acquisition would give rise to a concentration with a community dimension within the scope of the Merger Regulation, the European Commission initiates proceedings under Article 6(1)(c) of the Merger Regulation; or
 - (b) in so far as the Acquisition or any matter arising from the Scheme or Acquisition comes within the statutory provisions for a possible CMA Phase 2 Reference, the Scheme or Acquisition or any matter arising from or relating to the Acquisition becomes subject to a CMA Phase 2 Reference,in each case, before the date of the Court Meeting.
9. Subject to paragraph 10 below, the Telit Shares shall be acquired by Bidco, with full legal title and beneficial ownership, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the date of this Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of this Announcement in respect of the Telit Shares.
10. Without prejudice to any right Bidco may have, with the consent of the Takeover Panel, to invoke Condition 2(h)(ii), if any dividend or other distribution in respect of the Telit Shares is declared, paid or made on or after the date of this Announcement, Bidco reserves the right to reduce the consideration payable for each Telit Share under the terms of the Acquisition by the amount per Telit Share of such dividend or distribution, in which case any reference in this Announcement or in the Scheme Document to the offer consideration for the Telit Shares will be deemed to be a reference to the offer consideration as so reduced. To the extent that any such dividend or other distribution and/or other return of capital announced, declared, paid or made is: (a) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividen

cancelled, then in either case the consideration payable in respect of the Acquisition will not be subject to change in accordance with this paragraph. Any exercise by Bidco of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer. If Bidco exercises this right or makes such a reduction in respect of a dividend or distribution, Telit Shareholders will be entitled to receive and retain that dividend or distribution.

11. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom and any Telit Shareholders who are not resident in the United Kingdom will need to inform themselves about and observe any applicable requirements.
12. Unless otherwise determined by Bidco or required by the Code and permitted by applicable law and regulations, the Acquisition is not being, and will not be, made, directly or indirectly, in, into or by the use of the mails of, or by any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from within any Restricted Jurisdiction.
13. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
14. This Announcement and any rights or liabilities arising hereunder, the Acquisition, the Scheme and the Forms of Proxy and Form of Election will be governed by the laws of England and Wales and will be subject to the jurisdiction of the courts of England. The Acquisition will be subject to the applicable requirements of the Code, the Takeover Panel, the AIM Rules and the FCA.
15. The Scheme will not become Effective unless the Conditions have been fulfilled or (if capable of waiver) waived or, where appropriate determined by Bidco to be or remain satisfied by 11.59 p.m. (London time) on the Long Stop Date.
16. Bidco reserves the right for any other entity directly or indirectly owned by funds managed by DBAY from time to time (other than Midco) to implement the Acquisition. In such an event, the terms of the Alternative Offer and, in particular, the rights of the Consideration Shares, will be the same, other than in respect of the issuing entity.

APPENDIX II

SOURCES OF INFORMATION AND BASES OF CALCULATION

1. The value attributed to the existing issued and to be issued share capital of Telit is based upon:
 - (a) 134,389,782 Telit Shares in issue on the Last Practicable Date; and
 - (b) an additional 6,003,835 Telit Shares which may be issued on or after the date of this Announcement pursuant to outstanding options and awards under the Telit Share Plans as at the Last Practicable Date; less
 - (c) 913,940 Telit Shares expected to be held by the Telit Employee Benefit Trust by the Effective Date which can be used to satisfy the exercise of options granted under the Telit Share Plans.
2. Volume-weighted average prices (VWAP) have been derived from Bloomberg and have been rounded to the nearest single decimal place.
3. The number of shares "in public hands" being below 28 per cent. has been calculated as the Telit Shares in issue less the sum of the holdings by: (a) the directors; (b) shareholders with an interest in 5 per cent. or more of the shares; and (c) the 913,940 Telit Shares expected to be held by the Telit Employee Benefit Trust, divided by the number of Telit Shares in issue.
4. Unless otherwise stated, the financial information on Telit is extracted from Telit's Annual Report and Accounts for the year ended 31 December 2020.

5. Unless otherwise stated, the Closing Price of a Telit Share is derived from the AIM Appendix to the Official List.

APPENDIX III

DETAILS OF IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

Bidco has received irrevocable undertakings and a letter of intent in respect of a total of 42,923,626 Telit Shares (representing approximately 31.94 per cent. of the Telit Shares in issue on the Last Practicable Date):

Telit Directors' irrevocable undertakings

Name	Number of Telit Shares	Number of Options	Per cent. of Telit Shares in issue (%)
Anthony Dixon	9,018	0	0.01
Harald Rosch	435,000	0	0.32
Simon Duffy	43,971	0	0.03
Paolo dal Pino	540,000	2,000,000	0.40
Total	1,027,989	2,000,000	0.76

The irrevocable undertakings from the Telit Directors holding Telit Shares will only cease to be binding:

- if the Acquisition is implemented by way of a Scheme, and the Scheme or any resolution to be proposed is not approved by the requisite majority of the Telit Shareholders at the General Meeting or the Court Meeting unless, within ten business days of such event, Bidco has elected, in accordance with the terms of the Co-operation Agreement, to implement the Acquisition by means of a Takeover Offer;
- if the Scheme Document or Takeover Offer document (as the case may be) is not published within 28 days of the date of publication of this Announcement (or within such longer period as Bidco and Telit may agree, with the consent of the Takeover Panel);
- if any competing offer for the entire issued and to be issued share capital of Telit becomes or is declared wholly unconditional or, if proceeding by way of scheme of arrangement, becomes effective;
- on the earlier of: (i) the Long Stop Date; or (ii) the date on which the Scheme or Takeover Offer (as the case may be) has lapsed or been withdrawn in accordance with its terms and no new, revised or replacement Takeover Offer or Scheme has been announced by Bidco or its affiliates in accordance with Code at the same time; or
- if any event occurs or becomes known to Bidco before despatch of the Scheme Document or the Takeover Offer document (as the case may be) as a result of which the Takeover Panel requires or agrees that Bidco need not make the Acquisition.

Other Telit Shareholders' irrevocable undertakings

Name	Number of Telit Shares	Number of Options	Per cent. of Telit Shares

Name	Number of Telit Shares	Per cent. of Telit Shares in issue (%)
Run Liang Tai Management Limited	20,030,495	14.90
Richard Griffiths	9,117,817	6.78
Davide Serra	10,527,323	7.83
Total	39,675,635	29.52

The irrevocable undertaking from Run Liang Tai Management Limited will only cease to be binding if:

- the Scheme Document or Takeover Offer document (as the case may be) is not published within 28 days of the date of publication of this Announcement (or within such longer period as Bidco and Telit may agree, with the consent of the Takeover Panel);
- the Scheme or the Takeover Offer does not become wholly unconditional before 11.59 p.m. on the Long Stop Date;
- the Acquisition is withdrawn, lapses or otherwise terminates in accordance with its terms and no new, revised or replacement Takeover Offer or Scheme has been announced by Bidco or its affiliates in accordance with Code at the same time;
- with the consent of the Takeover Panel, Bidco publicly announces before the Scheme Document or the Takeover Offer document (as the case may be) is published that it does not intend to proceed with the Acquisition; or
- in accordance with the Code, a third party announces a firm intention to acquire the whole of the issued and to be issued share capital of Telit for cash (a "**Competing Cash Proposal**") which is recommended by the Telit board and the cash consideration payable in respect of each Telit Share under the Competing Cash Proposal represents in the reasonable opinion of the Telit board a premium of more than 10 per cent. to the value of the Cash Offer and Bidco does not increase the consideration to be paid for the Telit Shares to at least an equivalent amount per Telit Share within five days of such Competing Cash Proposal.

(each being a "**Shareholder Irrevocable Termination Event**").

The irrevocable undertaking from Richard Griffiths and Davide Serra will only cease to be binding if:

- a Shareholder Irrevocable Termination Event occurs; or
- any amendment is made or proposed to the terms and conditions of the Alternative Offer set out in this Announcement whether pursuant to the Scheme (or Takeover Offer, as applicable) or any new, revised or replacement Scheme (or Takeover Offer, as applicable) announced by Bidco in accordance with the Code.

Letter of intent

Compass Asset Management SA has given a non-binding letter of intent to vote or procure votes in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if Bidco, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, exercises its right to implement the Acquisition by way of a Takeover Offer, to accept such offer), in respect of 2,220,002 Telit Shares (representing approximately 1.65 per cent. of the Telit Shares in issue on the Last Practicable Date).

APPENDIX IV

THE WIDER BIDCO GROUP, CONSIDERATION LOAN NOTES AND CONSIDERATION SHARES

1. Additional information in respect of the Wider Bidco Group

The Wider Bidco Group is owned and controlled by funds managed by DBAY and was formed for the purpose of implementing the Acquisition. As at the date of this Announcement, the Wider Bidco Group comprises Bidco, Topco, Midco, Holdco, and US Holdco. None of the members of the Wider Bidco Group has traded since the date of its incorporation nor entered into any obligations other than in connection with the Acquisition and its financing.

The holding company in the Wider Bidco Group is Topco. Topco is the sole shareholder of Midco, a private limited company which was incorporated in England and Wales on 23 April 2021 under the Companies Act with registered number 13353458. Midco is the sole shareholder of Holdco, a private limited company which was incorporated in England and Wales on 23 April 2021 under the Companies Act with registered number 13353451. Holdco is the sole shareholder of Bidco, a private limited company which was incorporated in England and Wales on 23 April 2021 under the Companies Act with registered number 13353444. Bidco is the sole shareholder of US Holdco, a private limited company which was incorporated in the state of Delaware on 23 April 2021.

Bidco is the borrower under the Cash Bridge Facility and, US Holdco is the borrower under Facility B, which have been entered into in order to fund the cash consideration due in connection with the Acquisition.

2. Consideration Loan Notes and Holdco Loan Notes

The Consideration Loan Notes will be governed by English law and will be issued by Bidco, credited as fully paid, in amounts and integral multiples of 220 pence. The Consideration Loan Notes will constitute direct, unsecured and unsubordinated obligations of Bidco.

The Consideration Loan Notes will bear interest at a rate of 3 per cent. per annum, such interest beginning to accrue two business days following their date of issue.

The Consideration Loan Notes will be redeemable annually on each anniversary of the Effective Date at the option of the holder and Bidco may repurchase, redeem or exchange the Consideration Loan Notes at any time. Any Consideration Loan Notes not previously repaid, redeemed or purchased will be repaid in full at par on the fifth anniversary of their issue.

The Consideration Loan Notes are not transferrable.

Under the terms of the Consideration Loan Notes, Holdco will be granted a call option (the "**Call Option**"), pursuant to which Holdco will have the right to acquire the Consideration Loan Notes from the noteholders in consideration for the issue of the Holdco Loan Notes to the noteholders. The Call Option will be exercisable during the period commencing on the date of issue of the Consideration Loan Notes and ending on the date that is 14 days after the issue of the Consideration Loan Notes. In addition, the holders of the Consideration Loan Notes will be granted a put option (the "**Put Option**"), pursuant to which the noteholders will have the right (exercisable on behalf of the noteholders by Bidco) to require Holdco to acquire the Consideration Loan Notes in consideration for the issue of the Holdco Loan Notes to them. The Put Option will be exercisable during the period commencing on the date that is 15 days after the issue of the Consideration Loan Notes and ending on the date that is 28 days after the issue of the Consideration Loan Notes.

The Holdco Loan Notes will have equivalent terms to the Consideration Loan Notes as described above except that the holders of the Holdco Loan Notes will be granted:

- a call option pursuant to which Midco will have the right to acquire the Holdco Loan Notes from the noteholders in consideration for the issue of the Midco B Shares to the noteholders; and
- a put option, pursuant to which the noteholders will have the right (exercisable on behalf of the noteholders by Holdco) to require Midco to acquire the Holdco Loan Notes from the noteholders in consideration for the issue of the Midco B Shares to them.

3. Midco share capital

As set out above, following the Effective Date, the Consideration Loan Notes will, immediately following their issue, be exchanged by way of a call option for the Holdco Loan Notes and the Holdco Loan Notes will immediately following their issue, be exchanged by way of a call option for the Consideration Shares.

The Consideration Shares will be ordinary B shares in Midco allotted and issued credited as fully paid. The Consideration Shares will hold no voting rights in Midco but will otherwise rank *pari passu* in all respects with the Midco A Shares in issue at the time the Consideration Shares are allotted and issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date, and on any return of capital or exit.

For the purposes of Rule 24.11 of the Code, Investec will provide an estimate of the value of a Consideration Share, together with the assumptions, qualifications and caveats forming the basis of its estimate of value, in a letter to be set out in the Scheme Document.

As at the date of this Announcement, the issued share capital of Midco is 100 Midco Shares with a nominal value of USD0.01 each, which are held by Topco, a subsidiary of funds managed by DBAY. Upon the Scheme becoming Effective, Midco will issue Consideration Shares to the Rolling Shareholders and other Telit Shareholders who have elected for the Alternative Offer pursuant to the Alternative Offer following the series of transactions described above. Midco Shares will also be issued to part fund the cash consideration payable in respect of the Acquisition. The number of Midco Shares issued is primarily dependent on the number of elections made for the Alternative Offer as this will affect both the number of Consideration Shares issued and the amount required to be subscribed by Topco to part fund the cash consideration payable in respect of the Acquisition.

As set out in paragraph 4 of this Appendix IV below, it is anticipated that, following the Scheme becoming Effective, any further new issues of Midco Shares will be on a pre-emptive basis. There may, however, be some circumstances in which the directors of Midco consider that it would be appropriate to issue further Midco Shares on a non-pre-emptive basis. In such circumstances, the appropriate Midco shareholder approvals shall be sought, if required, however, this may result in the interests of Telit Shareholders who elected to take up the Alternative Offer in Midco becoming diluted over time.

4. Rights attaching to Midco

The share capital of the Midco will comprise one class of A ordinary shares with a nominal value of USD0.01 each ("**Midco A Shares**") and one class of B ordinary shares with a nominal value of USD0.01 each ("**Midco B Shares**" and together with the Midco A Shares, the "**Midco Shares**").

Voting rights

On a poll, holders of Midco A Shares will have one vote per Midco A Share. Midco B Shares will not entitle holders of those shares to voting rights in Midco. If Topco dismisses Paolo Dal Pino as CEO other than for cause or with the agreement of the holders of more than 75 per cent. of the Midco B Shares, the non-voting Midco B Shares will automatically convert into B-1 ordinary shares which have voting rights on an equivalent basis to those attaching to the Midco A Shares, but otherwise have the same rights as the Midco B Shares.

New share issues

New issues of equity securities in Midco will be made on a pro-rata, pre-emptive basis. There may, however, be some circumstances in which the directors of Midco consider that it would be appropriate to issue further equity securities in Midco on a non-pre-emptive basis (including, without limitation, in connection with an employee incentive plan). Pre-emption rights may be disapplied by special resolution, but this cannot be used to treat the holders of Midco B Shares disproportionately compared to the holders of Midco A Shares.

New shareholder debt issues

In the event that Topco advances a shareholder loan or subscribes for loan notes in any member of the Midco Group, each holder of Midco B Shares shall be given the opportunity to advance shareholder loans or subscribe for loan notes on a pro-rata, pre-emptive basis and on the same terms. This will not apply to intra-group issues by wholly-owned subsidiaries or any third party debt finance.

Share transfers

Midco Shares will not be transferable except for certain categories of permitted transfer, transfers on exercise of the drag-along or tag-along (each as described below) and transfers made with the written consent of the holders of not less than 75 per cent. of the Midco A Shares.

Drag-along

If the holders of more than 75 per cent. of the Midco A Shares (the "**Selling Shareholders**") agree a sale of their shares to a bona fide third party (the "**Proposed Buyer**") and the consideration is payable in cash or a readily realisable cash equivalent, then the Selling Shareholders may require all other shareholders (holding both Midco A Shares and Midco B Shares) to sell their shares to the Proposed Buyer on the same terms.

Tag-along

If any person (the "**Buyer**") proposes to acquire more than 50 per cent. of these Midco Shares which have voting rights, from Topco

(the "**Seller(s)**") then the Seller(s) shall procure that, before effecting the proposed acquisition, the Buyer makes an offer (the "**Offer**") to acquire the Midco Shares held by the other shareholders (holding both Midco A Shares and Midco B Shares) at a price per share equal to the highest price per share paid by the Buyer in the 12 months prior to and including the sale/purchase which triggered the obligation to make the Offer.

Board appointment rights

The Midco B Shareholders may collectively appoint or remove one director to the board of the Midco for as long as the Midco B Shareholders collectively hold 10% or more of the Midco Shares. The shareholder(s) appointing a director may require that director to be appointed to any committee of the board of Midco and to the board of any subsidiary undertaking of Midco. The director appointed by the Midco B Shareholders shall not have any veto rights at board level. Any other appointment or removal of a director shall require the written consent of the holders of not less than 75 per cent. of the Midco A Shares.

If the Midco B Shareholders have not or, are not entitled to, appoint a director, they may appoint an observer to the board of directors.

Conduct of the Wider Bidco Group

All material matters will be decided by the board of directors of Topco. In addition, there are a number of matters set out in the Articles of Association which will require the written consent of (or ratification by) the holders of not less than 75 per cent. of the Midco A Shares. The holders of more than 75 per cent. of the Midco B Shares will have limited veto rights in relation to fundamental matters affecting their Midco B Shares, but not in relation to any strategic or operational matters.

APPENDIX V

DEFINITIONS

In this Announcement, the following words and expressions have the following meanings, unless the context requires otherwise:

Acquisition	the recommended offer to be made by Bidco to acquire the entire issued and to be issued ordinary share capital of Telit other than the Telit Shares held by funds managed by DBAY to be effected by means of the Scheme (or, if Bidco so elects and subject to the consent of the Takeover Panel and the terms of the Co-operation Agreement, a Takeover Offer) on the terms and subject to the conditions set out in this Announcement and to be set out in the Scheme Document;
AIM	AIM, a market operated by the London Stock Exchange;
AIM Rules	the rules of AIM as set out in the 'Aim Rules for Companies' and the 'AIM Rules for Nominated Advisors' issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
Alternative Offer	the alternative offer under which Telit Shareholders (other than Telit Shareholders resident or located in a Restricted Jurisdiction) may elect to receive Consideration Loan Notes, in lieu of cash under the Cash Offer, on the basis of one Consideration Loan Note for each Scheme Share held;
Announcement	this announcement of the Acquisition made in accordance with the Recommended Cash Offer for Telit Communications

Authorisations	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions, determinations, exemptions or approvals;
Bidco	Trieste Acquisitions Holding Limited, a company incorporated in England and Wales with registered number 13353444, whose registered office is at Princes House, 38 Jermyn Street, London, SW1Y 6DN, United Kingdom;
Bidco Directors	the directors of Bidco from time to time;
Bidco Group	Bidco and any of its direct or indirect holding companies, subsidiaries and subsidiary undertakings;
Business Day	a day, other than a Saturday, Sunday, public holiday or bank holiday, on which banks are generally open for normal business in the City of London and New York;
Cash Bridge Facility	the USD60 million facility in the Senior Facilities Agreement and provided under the terms of the Senior Facilities Agreement;
Cash Offer	the offer to Telit Shareholders of 220 pence in cash per Scheme Share;
CFIUS	Committee on Foreign Investment in the United States;
Clearances	all approvals, consents, clearances, permissions, confirmations, comfort letters, waivers and/or filings that are necessary or reasonably considered by Bidco to be appropriate to be obtained in connection with the Acquisition or are required or necessary reasonably considered by Bidco to be appropriate in order to satisfy the Conditions and all waiting periods that may need to have expired, from or under the laws, regulations or practices applied by any relevant Regulatory Authority (or under any agreements or arrangements to which any Regulatory Authority is a party) in connection with the Acquisition or its implementation;
Closing Price	the closing middle market quotation for a Telit Share at the close of business on the day to which such price relates, as derived from the AIM appendix to the Daily Official List;
CMA	the UK Competition and Markets Authority, being the independent body which conducts inquiries into mergers, markets and the regulation of the major regulated industries in the United Kingdom (or any successor body or bodies carrying out the same functions in the United Kingdom from time to time);
CMA Phase 2 Reference	a reference pursuant to sections 22, 33, 45 or 62 of the Enterprise Act 2002 (as amended) of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013;
Code	the City Code on Takeovers and Mergers;
Companies Act	the UK Companies Act 2006;
Conditions	the conditions to the implementation of the Acquisition, which are set out in Appendix I to this Announcement and to be set out in the Scheme Document;
Confidentiality and Joint Defence Agreement	the confidentiality and joint defence agreement entered into by DBAY, Telit, Hogan Lovells International LLP and CMS Cameron McKenna Nabarro Olswang LLP on 20 April 2021;

Confidentiality Letter	the confidentiality letter entered into by DBAY and Telit on 1 December 2020;
Consideration Loan Note	has the meaning given in paragraph 2 of this Announcement;
Consideration Shares	has the meaning given in paragraph 2 of this Announcement;
Co-operation Agreement	the agreement entered into by Bidco and Telit on 24 May 2021, a summary of which is set out in paragraph 13 of this Announcement;
Court	the High Court of Justice in England and Wales;
Court Hearing	the hearing by the Court to sanction the Scheme and, if such hearing is adjourned, references to the commencement of any such hearing shall mean the commencement of the final adjournment thereof;
Court Meeting	the meeting (or any adjournment, postponement or reconvention thereof) of the Telit Shareholders (or the relevant class or classes thereof) to be convened by order of the Court pursuant to Part 26 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification);
Court Order	the order of the Court sanctioning the Scheme;
CREST	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland is the Operator (as defined in the Regulations) in accordance with which securities may be held and transferred in uncertified form;
Current Offer Period	the offer period (as defined in the Code) relating to Telit, which commenced on 18 March 2021, and ending on the earlier of the Effective Date and/or the date on which it is announced that the Scheme has lapsed or been withdrawn (or such other date as the Code may provide or the Takeover Panel may decide);
Daily Official List	the Daily Official List of the London Stock Exchange;
DBAY	DBAY Advisors Limited;
Dealing Disclosure	has the same meaning as in Rule 8 of the Code;
Disclosed	<p>(a) matters fairly disclosed in the information made available to DBAY or Bidco (or their respective officers, employees, agents or advisers in their capacity as such) in the data room established by Telit for the purposes of the Acquisition;</p> <p>(b) information fairly disclosed in writing by or on behalf of Telit to DBAY or Bidco (or their respective officers, employees, agents or advisers in their capacity as such) prior to the date of this Announcement;</p> <p>(c) information included in the annual report and accounts of the Telit Group for the financial year ended 31 December 2020;</p> <p>(d) information disclosed in a public announcement to an RIS made by Telit prior to the date of this Announcement; or</p> <p>(e) information disclosed in this Announcement;</p>
Disclosure Table	the disclosure table on the Takeover Panel's website at www.thetakeoverpanel.org.uk ;
DPA	has the meaning ascribed to it in the Recommended Cash Offer for Telit Communications

Effective	in the context of the Acquisition: (a) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the court order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code;
Effective Date	the date upon which: (a) the Scheme becomes Effective; or (b) if Bidco elects, with the consent of the Takeover Panel and subject to the terms of the Co-operation Agreement, to implement the Acquisition by way of a Takeover Offer, the Takeover Offer becomes Effective;
Exchange Act	the United States Securities Exchange Act of 1934, as amended;
Excluded Shares	any: (i) Telit Shares legally or beneficially held by funds managed by DBAY or any member of the Wider Bidco Group; and (ii) Treasury Shares;
FCA	the UK Financial Conduct Authority or its successor from time to time;
Facility B	the USD150 million facility in the Senior Facilities Agreement and provided under the terms of the Senior Facilities Agreement;
FinnCap	FinnCap Ltd, nominated adviser and broker to Telit;
Form of Election	the form of election for use by an eligible Scheme Shareholder who holds Scheme Shares in certificated form in relation to the Alternative Offer;
Forms of Proxy	the forms of proxy for use at the Court Meeting and the General Meeting respectively, which shall accompany the Scheme Document;
FSMA	the Financial Services and Markets Act 2000, as amended;
General Meeting	the general meeting (or any adjournment, postponement or reconvention thereof) of Telit Shareholders to be convened in connection with the Acquisition;
Governmental Entity	any supranational, national, state, municipal, local or foreign government, any instrumentality, subdivision, court, arbitrator or arbitrator panel, regulatory or administrative agency or commission, or other authority thereof, or any regulatory or quasi-regulatory organisation or private body exercising any regulatory, taxing, importing or other governmental or quasi-governmental authority;
Holdco	Notano Holdco Limited, a company incorporated in England and Wales with registered number 13353451, whose registered office is at Princes House, 38 Jermyn Street, London, SW1Y 6DN, United Kingdom;
Holdco Loan Note	has the meaning given in paragraph 2 of this Announcement;
Investec	Investec Bank plc;
Last Practicable Date	24 May 2021 (being the last Business Day prior to the date of this Announcement);
London Stock Exchange	London Stock Exchange Group Plc;
Long Stop Date	24 February 2022 or such later date (if any) as Bidco and Telit may, with the consent of the Takeover Panel, agree and (if required)

Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 (as it forms part of Retained EU Law (as defined in the European Union (Withdrawal) Act 2018));
Merger Regulation	Council Regulation (EC) No 139/2004;
Midco	Notano Midco Limited, a company incorporated in England and Wales with registered number 13353458, whose registered office is at Princes House, 38 Jermyn Street, London, SW1Y 6DN, United Kingdom;
Midco Group	Midco and its direct and indirect subsidiaries including, following completion of the Acquisition, the Telit Group;
Midco Shares	the Midco A Shares and the Midco B Shares;
Midco A Shares	A ordinary shares of USD0.01 each in the capital of Midco;
Midco B Shares	B ordinary shares of USD0.01 each in the capital of Midco, holding no voting rights in Midco;
Midco B Shareholders	those Telit Shareholders who have elected for the Alternative Offer and been issued Midco B Shares and their permitted transferees;
Opening Position Disclosure	has the same meaning as in Rule 8 of the Code;
PRA	the UK Prudential Regulation Authority or its successor from time to time;
Previous Offer Period	the offer period (as defined in the Code) relating to Telit, which commenced on 3 November 2020, and ended on 18 January 2021;
Registrar of Companies	the Registrar of Companies in England and Wales;
Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
Resolutions	the resolutions to be proposed by Telit at the General Meeting in connection with, amongst other things, the approval of the Scheme, the amendment of Telit's Articles (including, without limitation, the adoption and inclusion of a new article under which any Telit Shares issued or transferred after the General Meeting shall either be subject to the Scheme or (after the Effective Date) be immediately transferred to Bidco (or as it may direct) in exchange for the same consideration as is due under the Scheme) and such other matters as may be necessary to implement the Acquisition;
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available in that jurisdiction, including, without limitation, the United States, Canada, Japan, South Africa and Australia;
RIS	a service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange's website;
Rollover Shareholders	has the meaning given in paragraph 6 of this Announcement;
Rothschild & Co	N.M. Rothschild and Sons Limited;
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act 2006 in relation to the Acquisition; Recommended Cash Offer for Telit Communications

	and the Scheme Shareholders (the full terms of which will be set out in the Scheme Document), with or subject to any modification, addition or condition which Bidco and Telit may agree, and, if required, the Court may approve or impose;
Scheme Document	the document to be despatched to (amongst others) Telit Shareholders containing, amongst other things, the terms and conditions of the Scheme and the notices convening the Court Meeting and the General Meeting;
Scheme Record Time	the time and date to be specified in the Scheme Document, expected to be 6:00 p.m. on the Business Day immediately after the Court Hearing;
Scheme Shareholders	holders of Scheme Shares;
Scheme Shares	the Telit Shares: <ul style="list-style-type: none"> (a) in issue at the date of the Scheme Document; (b) (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and (c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time in respect of which the original or any subsequent holder thereof is bound by the Scheme or shall by such time have agreed in writing to be bound by the Scheme, <p>in each case, which remain in issue at the Scheme Record Time and other than any Excluded Shares;</p>
SEC	the United States Securities and Exchange Commission;
Securities Act	the United States Securities Act of 1933, as amended;
Senior Facilities Agreement	a senior term and revolving facilities agreement dated on 24 May 2021 and entered into between, inter alia, Holdco (as parent), Bidco (as company), US Holdco (as borrower), Deutsche Bank AG, London Branch (as mandated lead arranger) and Lucid Agency Services Limited (as agent and security agent);
Takeover Offer	should the Acquisition be implemented by way of a takeover offer as defined in section 974 of the Companies Act, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of Telit other than the Telit Shares held by funds managed by DBAY on the terms and subject to the conditions set out in the related offer document and, where the context requires, any subsequent revision, variation, extension or renewal of such offer;
Takeover Panel	the UK Panel on Takeovers and Mergers;
Telit	Telit Communications plc, a company incorporated in England and Wales with registered number 05300693, whose registered office is at Cannon Place, 78 Cannon Street, London EC4N 6AF;
Telit's Articles	Telit's Articles of Association currently adopted and filed with Companies House;
Telit Board or Telit Directors	the directors of Telit from time to time;
Telit Employee Benefit Trust	the employee benefit trust established pursuant to the Trust Deed and which is expected to hold 913,940 Telit Shares on trust for the benefit of the Beneficiaries (as defined in the

Telit Group	Telit and its subsidiaries and subsidiary undertakings;
Telit Shareholders	the holders of Telit Shares;
Telit Shares	ordinary shares of one penny each in the capital of Telit;
Telit Share Plans	the Telit Communications plc 2015 Employee Share Plan and the Telit Communications plc 2015 Non-Employee Share Plan;
Third Party	each of a central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, professional or investigative body or authority (including any antitrust or merger control authority), court, trade agency, professional association, institution, works council, employee representative body or any other similar body or person whatsoever in any jurisdiction;
Topco	Notano Topco Limited, a company incorporated in England and Wales with registered number 13353435 whose registered office is at Princes House, 38 Jermyn Street, London, SW1Y 6DN, United Kingdom;
Treasury Shares	any Telit Shares which are for the time being held by Telit as treasury shares (within the meaning of the Companies Act);
Trust Deed	the trust deed between Telit and VG Corporate Trustee Limited dated on or around the date of this Announcement;
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
United States or US or USA or United States of America	the United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof, any state of the United States of America and the District of Columbia;
US Holdco	Trieste Acquisitions Inc, a company duly incorporated and existing under the laws of the state of Delaware, whose registered office is at c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, new Castle County, Delaware 19808;
US holder	a holder of Telit Shares located in or resident in the United States or who is otherwise a US Person;
US Person	a US Person as defined in rule 902(o) under the Securities Act;
US Securities Act	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder;
Volume Weighted Average Price	the volume weighted average of the per share trading prices of Telit Shares on AIM, calculated in accordance with paragraph 2 of Appendix II to this Announcement;
Voting Record Time	the date and time specified in the Scheme Document by reference to which entitlements to vote on the Scheme will be determined, expected to be 6.00 p.m. on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, 6.00 p.m. on the second day before the date of such adjourned meeting;
Wider Bidco Group	Bidco, Topco, Midco, Holdco and US Holdco, their subsidiary undertakings, and any other body corporate, partnership, joint venture or person in which they and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent;
Wider Telit Group	Telit, its parent undertakings and its and such parent undertakings

body corporate, partnership, joint venture or person in which Telit and/or such undertakings (aggregating their interests) have an interest of more than 20 per cent. of the voting or equity capital or the equivalent; and

£ or GBP or pence

pounds sterling or pence, the lawful currency of the United Kingdom.

In this Announcement:

- (a) all times referred to are to London time unless otherwise stated;
- (b) references to the singular include the plural and vice versa, unless the context otherwise requires;
- (c) "subsidiary", "subsidiary undertaking" and "undertaking" have the meanings given by the Companies Act and "associated undertaking" has the meaning given to it by paragraph 19 of Schedule 6 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 1(b) thereof which shall be excluded for this purpose; and
- (d) all references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.