

STRICTLY PRIVATE AND CONFIDENTIAL

PSF Capital GP II Limited as general partner of PSF Capital Reserve LP (the "**Offeror**")
First Floor, 10 Lefebvre Street St. Peter Port, Guernsey GY1 2PE

For the attention of [REDACTED]

13 July 2023

Dear PSF Capital GP II Limited as general partner of PSF Capital Reserve LP

We have reached agreement in principle on the key terms of a possible cash offer by you to acquire the entire issued and to be issued share capital of STM Group Plc. In consideration of us making available to you and your advisers certain Confidential Information (as defined in paragraph 1 of this letter), you hereby agree with and acknowledge and undertake to us on the terms set out in this letter.

1. **INTERPRETATION**

1.1 In this letter:-

- | | |
|----------------------------|---|
| "acting in concert" | means actively co-operating pursuant to an agreement or understanding (whether formal or informal) in the acquisition (directly or indirectly) of securities of the Company to obtain or consolidate control of the Company (control having the meaning given to it by the Code) |
| "Agents" | means directors, officers, employees, agents, partners, professional advisers and contractors |
| "Code" | means the City Code on Takeovers and Mergers as from time to time amended and interpreted by the Panel |
| "Company" | means STM Group Plc |
| "Connected Persons" | means, in relation to any person, the members of its Group and its and their respective Agents |
| "Confidential Information" | means:-

(a) all Information relating directly or indirectly to the Proposal (including the existence of the Proposal and this letter and of the discussions and negotiations between the parties (or in each case their Connected Persons) and the willingness of each of the parties to enter into such discussions and negotiations with each other or any other |

party and each party's prospective interest in the Proposal and/or the transaction contemplated by the Proposal); and

- (b) all Information relating to any member of the Company's Group including, without limitation, Information relating to the property, assets, business, trading practices, plans, proposals and/or trading prospects of any member of that Group,

in each case which is disclosed by or acquired in any way (and whether directly or indirectly on or after the date of this letter) from or on behalf of the Company or any of its Connected Persons and includes all copies of any such Information and Information prepared by the Offeror or any of its Connected Persons which contains or otherwise reflects or is generated from such Information but excluding:-

- (i) all Information that is in, or has (after disclosure to or acquisition by the Offeror) entered, the public domain otherwise than (a) as a direct or indirect consequence of any breach of any undertaking contained in or given pursuant to this letter or (b) which the Offeror knows (or ought reasonably to have known having made reasonable enquiry) to have been disclosed in breach of any duty of confidentiality owed to the Company or any of its Connected Persons and
- (ii) all Information that the Offeror can show by its written records was properly and lawfully in its or its Connected Person's possession prior to the time that it was disclosed by or acquired from the Company and provided that such Information is not known by the Offeror to be subject to any other duty of confidentiality owed to the Company or any of its Connected Persons

"Data Incident"	has the meaning given in paragraph 6.1.2
"Data Protection Law"	has the meaning given in paragraph 6.1
"DPA 2018"	means the Data Protection Act 2018
"GDPR"	means the UK version of the General Data Protection Regulation (EU) 2016/679 which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018

- "Group"** means, in respect of any undertaking, that undertaking and each of its group undertakings from time to time (group undertakings having the meaning ascribed to it in section 1161 of the Companies Act 2006);
- "Information"** means all information of whatever nature and in whatever form including, without limitation, in writing, orally, electronically and in a visual or machine-readable medium including CD ROM, magnetic and digital form
- "Panel"** means the Panel on Takeovers and Mergers
- "person "** includes a reference to an individual, a body corporate, government body, association or partnership
- "Personal Data"** has the meaning given to it in the DPA 2018
- "Proposal"** means the proposed acquisition by the Offeror of the entire issued and to be issued share capital of the Company, whether or not a firm offer is ultimately made by the Offeror
- "securities"** means any shares or security in the capital of the relevant company, any option to acquire any such share or security and any derivative relating to, or any rights in respect of, any such share or securities
- "Senior Leadership Team"** means the board of directors of the Company, the chief executive officer of the Company, the direct reports to the chief executive officer or to any other director of the Company and the direct reports to those direct reports
- "Unauthorised Use"** has the meaning given in paragraph 6.1.2
- 1.2 The obligations set out in this letter are given by the Offeror in favour of the Company and each member of its Group.
2. **CONFIDENTIAL INFORMATION AND EXISTENCE OF THE PROPOSAL**
- 2.1 Subject to paragraph 3 the Offeror will:-
- 2.1.1 treat and keep all Confidential Information as secret and confidential and will not, without the Company's prior written consent, directly or indirectly communicate or disclose (whether in writing or orally or in any other manner) Confidential Information to any other person other than as provided in paragraph 3;
- 2.1.2 only use any Confidential Information for the sole purpose of considering, evaluating, advising on or furthering the Proposal and will not use it for any other purpose (including, but not limited to, any competitive or commercial purpose);
- 2.1.3 ensure that the Confidential Information is protected with the same security measures and degree of care that would apply to its own confidential information and in any case no less than reasonable measures and a reasonable degree of care; and

- 2.1.4 not make, or permit or procure to be made, any copies in any form of the Confidential Information except (a) for the purpose of supplying Confidential Information to persons to whom disclosure of Confidential Information is expressly permitted by this letter or (b) with the Company's prior written consent.

3. EXCEPTIONS AND RESTRICTIONS

- 3.1 The restrictions in paragraph 2.1 do not apply to the disclosure of Confidential Information:-

3.1.1 to the Connected Persons of the Offeror who need to receive and consider Confidential Information for the purposes of the Proposal; or

3.1.2 which is required to be disclosed by law or the rules of any applicable regulatory, governmental or supervisory organisation (but subject always to paragraph 5).

- 3.2 The Offeror will ensure that where Personal Data is disclosed by the Offeror under paragraph 3.1.1 of this letter, disclosure of Personal Data is limited to those persons who need access to the Personal Data to assess the Proposal and that access will only be granted to such part or parts of the Personal Data as is strictly necessary in relation to that person's particular duties in assessing the Proposal.

- 3.3 The Offeror will ensure that:-

3.3.1 each person to whom Confidential Information is disclosed in accordance with paragraph 3.1.1 is provided with a copy of this letter and observes its terms as if they were a party to the letter and had undertaken the same obligations as are undertaken by the Offeror (save to the extent otherwise agreed by the Company in writing); and

3.3.2 each person granted access to Personal Data under paragraph 3.1.1 is aware of the Offeror's duties and his, her or its duties under Data Protection Law and under this letter with respect to Personal Data.

- 3.4 The Offeror will maintain a list (or ensure a list is maintained) of the names of all persons who have received or who have access to any Confidential Information, and will, promptly upon written request from the Company, supply a copy of such list to the Company.

4. RECORDS AND RETURN OF CONFIDENTIAL INFORMATION

- 4.1 The Offeror will keep a record of the Confidential Information provided to it or its Connected Persons. The Offeror will, upon demand by the Company or upon the Offeror ceasing to be interested in the Proposal:-

4.1.1 within seven days of such demand or cessation of interest destroy or at the Offeror's option, return to the Company all hard copy documents and all other materials which are in a form reasonably capable of delivery (including, without limitation, computer tapes and disks) containing or reflecting any Confidential Information and all copies thereof which have been made by or on behalf of the Offeror or its Connected Persons and the Offeror and its Connected Persons will destroy and permanently erase, or procure the permanent erasing of, all electronic copies of any Confidential Information or of any electronic records containing or reflecting any Confidential Information; and

- 4.1.2 ensure that where Confidential Information has not been returned or destroyed under paragraph 4.1.1 above, no step will be taken to access or recover such Confidential Information from any computer, word processor, telephone or other device containing such information or which is otherwise stored or held in electronic, digital or other machine readable form. The Offeror will continue to hold any such Confidential Information subject to the terms of this letter.
- 4.2 In addition, the Offeror will within seven days of such demand or cessation of interest provide a certificate addressed to the Company and signed by a duly authorised representative confirming compliance with this paragraph by the Offeror and its Connected Persons. Notwithstanding the obligations in paragraph 4.1, the Offeror will be entitled to retain such copies of such Information as is required to be retained by law or the rules of any applicable regulatory, governmental or supervisory organisation to which it is subject and such Information will continue to be held subject to the terms of this letter.
- 5. ANNOUNCEMENTS AND DISCLOSURE**
- 5.1 Subject to paragraphs 5.2 and 5.3, and other than as provided in paragraph 3, the Offeror will not make, or permit or procure to be made or solicit or assist any other person to make, any announcement or disclosure of any Confidential Information, including its prospective interest in the Proposal and/or the transaction contemplated by the Proposal, without the prior written consent of the Company.
- 5.2 If the Offeror becomes (or it is reasonably likely that it will become) compelled by law, or the rules of any applicable regulatory, governmental or supervisory organisation to whose jurisdiction the Offeror is subject, to disclose any Confidential Information, the Offeror will, where and to the extent permitted by law or any such rules, promptly notify the Company so that the Company may seek any appropriate means to prevent or minimise that disclosure or may waive compliance with the provisions of this letter and the Offeror will co-operate with the Company and take such steps as it may reasonably require for that purpose.
- 5.3 Where the Offeror makes disclosure of Confidential Information under paragraph 5.2, the disclosure will (to the extent permitted by law or regulation) be made only after prompt consultation with the Company and after taking into account its requirements as to the timing, content and manner of making such disclosure. Furthermore, the Offeror will disclose only that portion of the relevant Confidential Information which its legal advisers advise in writing must by law or regulation be disclosed.
- 5.4 Where the Offeror is prevented by applicable law or regulation from consulting with the Company before disclosure is made, the Offeror will, to the extent permitted by law or regulation, inform the Company of the circumstances, timing, content and manner of making of the disclosure promptly after such disclosure has been made.
- 5.5 The Offeror will immediately notify the Company of the full circumstances of any breach, or threatened breach, of this letter upon becoming aware of such breach or threatened breach.
- 5.6 Any notification required pursuant to this letter will be made immediately by telephone, or email, to the person whose contact details are set out at the end of this letter or to such other person or contact numbers as may be notified in writing from time to time.

6. PERSONAL DATA

- 6.1 The Offeror acknowledges that Confidential Information may include Personal Data, the handling or processing of which may be subject to the requirements of the GDPR and/or any implementing national legislation thereunder, including but not limited to the DPA 2018 (collectively "**Data Protection Law**"). Without limitation to any other term of this letter, in relation to Personal Data included within the Confidential Information, the Offeror will:-
- 6.1.1 comply with all relevant provisions of Data Protection Law;
 - 6.1.2 take appropriate technical and organisational measures to guard against (a) the unauthorised or unlawful disclosure or processing of the Personal Data ("**Unauthorised Use**"), and (b) the loss, misuse, corruption or destruction of, or damage to, the Personal Data (a "**Data Incident**");
 - 6.1.3 immediately notify the Company of any Unauthorised Use or Data Incident;
 - 6.1.4 immediately notify the Company on receipt of any communication (including without limitation from the Information Commissioner) which relates to the Personal Data or to either party's compliance with Data Protection Law;
 - 6.1.5 promptly provide to the Company such co-operation, information and assistance as the Company may from time to time reasonably request to enable it to comply with its obligations under Data Protection Law; and
 - 6.1.6 only process Personal Data outside of the European Economic Area in accordance with Data Protection Law.

7. STANDSTILL

- 7.1 Subject to paragraph 7.5, the Offeror agrees that, from the date of this letter until the date falling 12 months after the date of this letter, it will not, and will procure that any person acting in concert with it will not, (directly or indirectly) without the Company's prior written consent:-
- 7.1.1 acquire or offer to acquire or enter into any agreement, arrangement or understanding (conditionally or otherwise and whether legally binding or not) to acquire or offer to acquire any interest in any securities of the Company other than securities issued pursuant to any rights granted in relation to securities of the Company held by such person on the date of this letter;
 - 7.1.2 enter into any agreement, arrangement or understanding (conditionally or otherwise and whether legally binding or not) which imposes (directly or indirectly) obligations or restrictions on any party to such agreement, arrangement or understanding with respect to the exercise of voting rights attaching to any securities of the Company;
 - 7.1.3 enter into any agreement, arrangement, understanding or transaction or do or omit to do any act as a result of which the Offeror or any person acting in concert with the Offeror will or may become obliged or required (whether under the Code or otherwise) to make any general offer or invitation to acquire any securities of the Company;

- 7.1.4 enter into any agreement, arrangement or understanding (conditionally or otherwise and whether legally binding or not) with any person relating to or in connection with the making by such person (or other person acting in concert with such person) of any offer, invitation or solicitation for any securities of the Company; or
- 7.1.5 announce any proposal to do any of the matters referred to in paragraphs 7.1.1 to 7.1.4 above, including, without limitation, any announcement of a firm intention to make an offer to acquire the Company in accordance with Rule 2.7 of the Code.
- 7.2 The obligations in paragraph 7.1 will not apply to any person who acquires or disposes of any interest in securities of the Company in the ordinary course of business of that person as a fund manager, market-maker, broker or provider of trustee or nominee services where the decision to acquire or dispose is taken by an individual who is not in possession of Confidential Information.
- 7.3 If the Offeror or any person acting in concert with the Offeror acquires any interest in securities of the Company in breach of paragraph 7.1, then on request by the Company (and without prejudice to any other right of the Company under this letter) the Offeror will (to the extent permitted by law or regulation) dispose of or procure the disposal of such interest within 30 days of that request.
- 7.4 Subject always to compliance with the Code, nothing in this letter will prevent the Offeror or any person acting in concert with the Offeror from acquiring securities of the Company, or from making an announcement, in each case, with the Company's prior written consent.
- 7.5 The obligations in paragraph 7.1 will cease to apply if, at any time:-
- 7.5.1 the Offeror (or any person acting in concert with the Offeror) makes, or announces under Rule 2.7 of the Code a firm intention to make, a general offer to acquire shares carrying over 50% of the voting rights (as defined in the Code) in the Company which has been recommended by the board of directors of the Company; or
- 7.5.2 a third party (not acting in concert with the Offeror) makes, or announces under Rule 2.7 of the Code a firm intention to make, a general offer to acquire shares carrying over 50% of the voting rights (as defined in the Code) in the Company which has been recommended by the board of directors of the Company.
8. **APPROACHES**
- 8.1 Subject to paragraph 8.3, the Offeror will make contact in connection with the Proposal only with the directors and employees of the Company or of its Connected Persons who may from time to time be notified by the Company or its Agents in writing.
- 8.2 Subject to paragraph 8.3, during the period of 24 months from the date of this letter the Offeror will not directly or indirectly solicit, endeavour to entice away or offer to employ or to enter into any contract for services with any person who is, at any time during the negotiations regarding the Proposal, working for the Company or any member of its Group (whether as an employee or consultant or independent contractor) either as a member of the Senior Leadership Team or as a person directly engaged in the negotiations relating to the Proposal, whether or not that person would commit any breach of his or her contract by ceasing to work for the Company or for a member of its Group.

- 8.3 Nothing in paragraphs 8.1 or 8.2 will prevent the Offeror from considering and accepting an application made by any such person in response to a recruitment advertisement published generally and not specifically directed at the employees of the Company or members of its Group.
- 8.4 The Offeror undertakes that, during the period of 24 months from the date of this letter, it will not directly or indirectly in connection with the Proposal (or in connection with any variation to the Proposal or in connection with any other proposal of a transactional nature):-
- 8.4.1 make or continue any contact with any financier, supplier, trading partner, credit provider, or landlord of (or to or otherwise benefitting) the Company or any member of its Group; or
- 8.4.2 visit any of the properties at which the business of the Company or member of its Group is carried on,
- in each case without the prior written consent of the Company.
- 8.5 The Offeror undertakes that it will not at any time, without the prior written consent of the Company:-
- 8.5.1 enter into any discussions or negotiations with or disclose any Confidential Information to another potential bidder in relation to the Proposal; or
- 8.5.2 discuss the Confidential Information with any financial rating agency, governmental or supervisory body or any regulatory organisation save to the extent permitted pursuant to paragraph 3.

9. DURATION

Except as otherwise expressly provided in this letter, the obligations set out in this letter shall cease to have effect upon your completion of the acquisition of the Company. In the event of termination of discussions or negotiations relating to the Proposal, the obligations set out in this letter shall, unless expressly stated otherwise, continue in full force and effect notwithstanding the return or destruction of Confidential Information and any copies of it until the expiry of the period ending two years from the date of this letter.

10. COSTS

Except as expressly provided in this letter (or otherwise agreed in writing by the parties), each party confirms that it will be responsible for its own costs whether incurred by itself or its Connected Persons in considering or pursuing the Proposal (whether or not it proceeds) and in complying with the terms of this letter.

11. NO OFFER

The Offeror agrees that all Information, whether containing Confidential Information or otherwise, made available to it or its Connected Persons, in the course of, or for the purpose of, negotiations in relation to the Proposal, will not constitute an offer, inducement or invitation by, or on behalf of, the Company, nor will those documents nor the Information contained in them form the basis of, or any representation in relation to, any contract.

12. NO REPRESENTATIONS

The Offeror acknowledges that no responsibility is accepted, and no representation, undertaking or warranty is made or given, in either case expressly or impliedly, by the Company or any of its Connected Persons as to the accuracy or completeness of the Confidential Information or any other Information supplied by it or as to the reasonableness of any assumptions on which any of the same is based or the use of any of the same. The Offeror further acknowledges that it will be responsible for making its own decisions on the Confidential Information and the Proposal. Accordingly, the Offeror agrees that neither party (nor any of their respective Connected Persons) will be liable for any direct, indirect or consequential loss or damage suffered by any person resulting from the use of the Confidential Information or any other Information supplied, or for any opinions expressed by any of them, or for any errors, omissions or misstatements made by any of them in connection with the Proposal. The Offeror agrees that it will not place any reliance on any statement, representation, warranty or covenant made orally, in writing or by any other means by the Company or any of its Connected Persons in connection with the Confidential Information, the Proposal or any other matter contemplated thereby. Each statement in this paragraph 12 has no application in the case of fraud.

13. EXPERTISE

The Offeror confirms that it is a person that is able to receive the Confidential Information without contravention of any unfulfilled registration or approval requirements or other legal restrictions in the jurisdictions in which it resides or conducts business.

14. INSIDER DEALING AND MARKET ABUSE

The Offeror acknowledges and agrees that:-

- 14.1 it will not engage in any behaviour while in possession of the Confidential Information which would amount to market abuse for the purposes of, or is otherwise prohibited under, the UK version of the EU Market Abuse Regulation (2014/596/EU) which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("**MAR**"); and
- 14.2 the Proposal and some or all of the Confidential Information may constitute inside information for the purposes of MAR and the Criminal Justice Act 1993 (the "**CJA**") and accordingly, by receiving such Confidential Information, it may become an 'insider', and it consents to being made an insider by virtue of receiving the Confidential Information and acknowledges that, subject to and in accordance with applicable law, it must not deal in securities that are price-affected securities (as defined in the CJA) in relation to any such inside information, encourage another person to deal in price-affected securities or disclose the information (except as permitted by the CJA) for such time as the information remains inside information.

15. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

- 15.1 The provisions of this letter confer benefits on the persons specifically referred to in paragraph 1.2 (each, a "**Third Party**") and, subject to the remaining terms of this paragraph 15, are intended to be enforceable by each Third Party by virtue of the Contracts (Rights of Third Parties) Act 1999.

15.2 Notwithstanding paragraph 15.1 of this letter, this letter may be rescinded or varied in any way and at any time without the consent of any Third Party.

16. **GENERAL**

16.1 The Offeror will be responsible for any breach of any of the terms of this letter by it or by any of its Connected Persons.

16.2 The Offeror acknowledges and agrees that damages alone may not be an adequate remedy for any breach of this letter and/or breach of confidence. Accordingly, the Company will be entitled to seek the remedies of injunction, specific performance and other equitable relief for any threatened or actual breach of this letter and/or breach of confidence.

16.3 In the event of litigation relating to this letter, if a court of competent jurisdiction determines in a final, non-appealable order that a party has breached the terms of this letter, then such party will be liable and pay to the non-breaching party the reasonable legal fees such non-breaching party has incurred in connection with such litigation, including any appeal therefrom.

16.4 No failure or delay in exercising any right, power or privilege arising under this letter will operate as a waiver of it, nor will any single or partial exercise of it preclude any further exercise or the exercise of any right, power or privilege under this letter or otherwise. The terms of this letter may not be varied or terminated without the prior written consent of each party. No waiver of any provision of this letter will be binding upon either party unless in writing signed by the party granting the waiver.

16.5 To the extent that any Confidential Information is covered or protected by any form of privilege or refers to other documents which attract any form of privilege, then disclosing such Information under the terms of this letter or otherwise does not constitute a waiver of privilege or any other rights which the Company or its Connected Persons may have in respect of such Confidential Information.

16.6 The rights, powers and remedies provided in this letter are cumulative and not exclusive of any rights, powers and remedies provided by law.

16.7 This letter will enure to the benefit of, and be enforceable by, the Company's successors and assigns and the Offeror agrees to procure that the terms of this letter are observed by any successors and assigns of the Offeror's business or interests (or of any material part thereof) as if they had been party to this letter. The Offeror acknowledges and agrees that the Company may assign the benefit of this letter in whole or in part to any person who purchases all or part of the Company or its assets.

16.8 The Offeror acknowledges and agrees that no right or licence is granted to it or its Connected Persons in relation to the Confidential Information except as expressly set forth in this letter.

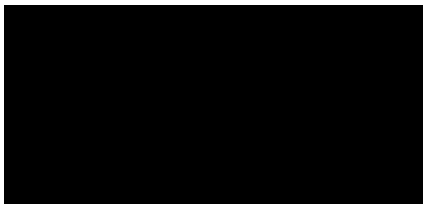
16.9 The provisions of this letter will be severable in the event that any of the provisions hereof are held by a court of competent jurisdiction to be invalid, void or otherwise unenforceable, and the remaining provisions will remain enforceable to the fullest extent permitted by law.

16.10 Any consent that is given by the Company under the terms of this letter may be given on such terms as it determines.

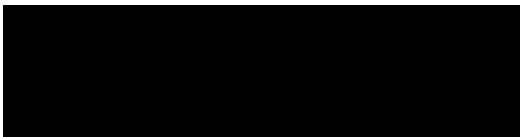
- 16.11 This letter may be executed in any number of counterparts and by the parties to it on separate counterparts, but will not be effective until each party has executed at least one counterpart. Each counterpart will constitute an original of this letter, but all the counterparts will together constitute but one and the same instrument.
- 16.12 This letter is to be governed by, and construed in accordance with, English law. Any matter claim or dispute arising out of or in connection with this letter, whether contractual or non-contractual, and the relationship between the parties and the conduct of any negotiations in relation to the Proposal are to be governed by and determined in accordance with English law. Each party hereby irrevocably submits to the exclusive jurisdiction of the English courts in respect of any claim or dispute arising out of or in connection with this letter or the relationship between the parties or the conduct of any negotiations in relation to the Proposal.

Please confirm your acceptance of the terms of this letter by signing and returning to us the enclosed copy of this letter.

Yours faithfully



for and on behalf of
STM Group Plc



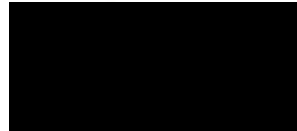


GROUP PLC

To: STM Group Plc

We agree to the matters set out in your letter dated 13 July 2023 (of which this is a copy).

Dated 12/7/23



for and on behalf of PSF Capital GP II Limited as general partner of PSF Capital Reserve LP

Name:



duly authorised officer

