

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**PART TWO OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT AND DETAILS OF A PROPOSED ACQUISITION WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION TO TRADING OF STM SHARES ON AIM.**

**If you are in any doubt as to the contents of this document and what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are taking advice in a territory outside the United Kingdom.**

If you sell, have sold or otherwise transferred all of your STM Shares, please forward this document and the accompanying documents (but not the personalised Forms of Proxy) at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. If you sell, have sold or otherwise transferred only part of your holding of STM Shares, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise been transferred STM Shares, you should contact STM's registrars, Computershare, by telephoning the helpline, details of which are set out on page 8 of this document, to obtain personalised Forms of Proxy.

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part), directly or indirectly in or into or from jurisdictions other than the United Kingdom and the Isle of Man may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither this document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus or prospectus equivalent document.

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**Recommended acquisition**  
of  
**STM GROUP PLC**  
by  
**JAMBO SRC LIMITED**

*to be effected by means of a Court-sanctioned scheme of arrangement under  
Part X of the Isle of Man Companies Act 2006*

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**This document and its publication has not been approved by any regulatory authority.**

**This document (including any documents incorporated into it by reference), together with the accompanying Forms of Proxy, should be read as a whole carefully. Your attention is drawn to the letter from the Chair of STM in Part One (*Letter from the Chair of STM*) of this document, which contains the unanimous recommendation of the Independent STM Directors that you vote in favour of the Scheme at the Court Meeting and the GM Resolutions to be proposed at the Extraordinary General Meeting. A letter from Cavendish Capital Markets Limited explaining the Scheme appears in Part Two (*Explanatory Statement*) of this document.**

Notices of the Court Meeting and the Extraordinary General Meeting of STM, each of which will be held at the offices of STM at 5th floor, 330 High Holborn, London WC1V 7QH on 6 December 2023, are set out on pages 88 to 94 of Part Ten (*Notice of Court Meeting*) and Part Eleven (*Notice of Extraordinary General Meeting*) of this document. The Court Meeting will start at 10.30 a.m. on that date and the Extraordinary General Meeting at 10.45 a.m. or as soon thereafter as the Court Meeting is concluded or adjourned.

Action to be taken in respect of the Meetings is set out on pages 37 to 38 (inclusive) of this document. The blue Form of Proxy is to be used in connection with the Court Meeting and the yellow Form of Proxy is to be used in connection with the Extraordinary General Meeting. Whether or not you intend to attend both or either of the Court Meeting or the Extraordinary General Meeting, you are asked to complete and return the enclosed blue and yellow Forms of Proxy (or appoint a proxy electronically) in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by STM's registrar, Computershare Investor Services (Jersey) Limited ("**Computershare**"), not later than 48 hours before the relevant Meeting, excluding any part of a day that is not a business day. If you hold your STM Shares in uncertificated form (that is, in CREST), you may also appoint a proxy through the CREST electronic proxy appointment services by following the instructions set out on page 7 of this document. If the blue Form of Proxy for the Court Meeting is not lodged by the relevant time, it may be handed to the Chair of the Court Meeting or to STM's registrar, Computershare, on behalf of the Chair of the Court Meeting, before the start of the Court Meeting (if attending in person). However, in the case of the Extraordinary General Meeting, if the yellow Form of Proxy for the Extraordinary General Meeting is not lodged by the relevant time, or not otherwise lodged in accordance with the instructions set out in the relevant Form of Proxy it will be invalid. Completion and return of the Forms of Proxy or appointing a proxy through the CREST electronic proxy appointment system will not prevent you from attending and voting in person at the Extraordinary General Meeting or the Court Meeting or any adjournment of the Extraordinary General Meeting or the Court Meeting if you so wish and are so entitled.

If you have any questions about this document, the Court Meeting or the Extraordinary General Meeting, or how to complete the Forms of Proxy, please call the shareholder helpline operated by Computershare on 0370 707 4040 or on +44 370 707 4040 from outside the UK (calls to this number from outside the UK will be charged at the applicable international rate). The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice nor provide any advice on the merits of the Scheme and calls may be recorded and monitored for security and training purposes.

Certain terms used in this document are defined in Part Nine (*Definitions*) of this document.

Cavendish Capital Markets Limited ("**Cavendish**"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for STM as financial adviser and Rule 3 Adviser in relation to the matters referred to in this document and for no one else. Cavendish will not be responsible to anyone other than STM for providing the protections afforded to its clients or for providing advice in relation to the contents of this document or any arrangement referred to herein. Cavendish has given, and not withdrawn, its consent to the inclusion in this document of the references to its name and the advice it has given to STM in the form and context in which they appear.

Davy Capital Markets UK is a trading name of J & E Davy (UK) Limited. J & E Davy (UK) Limited is authorised and regulated by the FCA. J & E Davy (UK) Limited is a Davy Group company and also a member of the Bank of Ireland Group. J & E Davy (UK) Limited is acting for Pension SuperFund Capital and Bidco in relation to the matters described in this document and is not advising any other person, and accordingly will not be responsible to anyone other than Pension SuperFund Capital and Bidco for providing the protections afforded to its clients or for providing advice in relation to the matters described in this document. J & E Davy (UK) Limited has given, and not withdrawn, its consent to the inclusion in this document of the references to its name and its trading name, Davy Capital Markets UK, and the advice it has given to Bidco in the form and context in which they appear.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by STM, the STM Directors, Bidco, the Bidco Directors, the Pension SuperFund Capital Responsible Persons or by Cavendish, J & E Davy (UK) Limited or any other person involved in the Acquisition. Neither the delivery of this document nor the holding of the Meetings, the Court Hearing or the filing of the Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the STM Group or the Wider Bidco Group since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

## IMPORTANT NOTICES

The release, publication or distribution of this document in or into or from jurisdictions other than the United Kingdom or the Isle of Man may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom or the Isle of Man should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of 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.

Neither this document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document and the accompanying Forms of Proxy have been prepared for the purposes of complying with the laws of England and Wales and the Isle of Man, the AIM Rules and the Code, and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside of England and Wales and the Isle of Man.

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 any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and persons receiving such documents (including agents, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send such documents in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition.

### Information for US Shareholders

The Acquisition relates to the shares of a company incorporated in the Isle of Man and is being made by means of a scheme of arrangement provided for under the laws of the Isle of Man. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition and the Scheme are subject to the disclosure requirements and practices applicable in the Isle of Man and the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of US tender offer and proxy solicitation rules including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. If, in the future, Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend such Takeover Offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations, and with the applicable tender offer and proxy solicitation substitution rules, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Financial information included in this document has been or will be prepared in accordance with IFRS 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.

Any Deferred Consideration Units or Loan Notes issued under the Scheme have not been and will not be registered under the US Securities Act, or under any laws of any securities regulatory authority of any state of the United States and may not be offered or sold in the United States absent registration or pursuant to an exemption from the registration requirements of the US Securities Act. This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Deferred Consideration Units or Loan Notes (if any) in any state of the United States in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such state. The Deferred Consideration Units are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. The Loan Notes (if any) issued to Deferred Consideration Units holders in exchange for such Deferred Consideration Units issued pursuant to the

Scheme are expected to be issued in reliance upon the exemption from the registration requirements under the US Securities Act provided by Section 3(a)(9) thereof.

For the purpose of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) and disapplying the applicable US tender offer rules under Regulation 14E under the US Exchange Act with respect to the Scheme, the Court will be advised that its sanctioning of the Scheme will be relied on by STM as an approval of the Scheme following a hearing on its fairness to STM Shareholders, at which hearing all such STM Shareholders are entitled to attend in person, by authorised representative, by proxy or through counsel, to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such STM Shareholders.

It may be difficult for US Shareholders of STM Shares to enforce their rights and any claim arising out of the US federal laws, since STM and Bidco are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

The receipt of cash and/or Deferred Consideration Units and/or Loan Notes (if any) pursuant to the Acquisition by US Shareholders as consideration for the transfer of STM 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 STM Shareholder (including US Shareholders) is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

Neither the SEC nor any securities commission of any state of the United States nor any other United States regulatory authority has approved any securities referred to in this document or the Acquisition, passed upon the fairness of the Acquisition or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In accordance with normal UK and Isle of Man practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco or its nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, STM Shares outside of the United States, other than pursuant to the Acquisition, until the date on which the Scheme and/or Takeover Offer becomes Effective, lapses or is otherwise withdrawn. These purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase will be disclosed as required in the UK and the Isle of Man, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. Nothing in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of STM, the STM Group, Bidco or the Wider Bidco Group except where otherwise stated.

### **Forward-looking statements**

This document contains statements (including information incorporated by reference in this document), oral statements made regarding the Acquisition and the Scheme, any other information published by STM and Bidco contain certain statements about Bidco and STM which are, or may be deemed to be, "forward-looking statements" and which are prospective in nature. All statements other than statements of historical fact included in this document may be forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words and expressions such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "anticipates", "believes", "targets", "aims", "projects", "future-proofing" or words or expressions or terms of similar substance or the negative of such words or terms, as well as variations of such words and expressions or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future

expectations. Forward-looking statements may 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's or STM's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on Bidco's or STM's business.

These forward-looking statements are not guarantees of performance. Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Wider Bidco Group or the STM Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These factors include changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to the STM Group, refer to the annual report and accounts of the STM Group for the financial year ended 31 December 2022. Each of the Wider Bidco Group and the STM Group, and each of their respective members, directors, officers, employees, advisers and persons acting on their behalf, expressly disclaims any intention or obligation to update or revise any forward-looking or other statements contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable law.

No member of the Wider Bidco Group, nor the STM Group, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

Except as expressly provided in this document, no forward-looking or other statements have been reviewed by the auditors of the Wider Bidco Group or the STM Group. All subsequent oral or written forward-looking statements attributable to any member of the Wider Bidco Group or STM Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

### **Profit forecasts or profit estimates**

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

### **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 (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> 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 (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed

under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (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.

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).

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 Panel's website at [www.thetakeoverpanel.org.uk](http://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 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.

### **Rounding**

Certain figures included in this document 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.

### **Publication on website and availability of hard copies**

A copy of this document and the documents required to be published by Rule 26 of the Code will be made available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on the investor relations section of STM's website at <https://www.stmgroupplc.com/recommended-offer-for-stm-group-plc> promptly and in any event by no later than 12.00 noon (London time) on the business day following publication of this document. For the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this document.

You may request a hard copy of this document, free of charge, by contacting Computershare Investor Services (Jersey) Limited at 13 Castle Street, St. Helier, Jersey Channel Islands, JE1 1ES or on +44 (0) 370 707 4040 between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (public holidays excepted). Calls to this number from persons who are not resident in the UK are charged at the applicable international rate. Calls from a mobile device may incur network extras. You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

### **Electronic communications**

Please be aware that addresses, electronic addresses and certain information provided by STM Shareholders, persons with information rights and other relevant persons for the receipt of communications from STM may be provided to Bidco during the Offer Period as requested under Section 4 of Appendix 4 of the Code.

This document is dated 7 November 2023.

## TO VOTE ON THE ACQUISITION

This page should be read in conjunction with the rest of this document, and in particular, the section headed “**ACTIONS TO BE TAKEN**” set out on pages 37 to 38 of this document and the Notices of the Court Meeting and the Extraordinary General Meeting at Part Ten (*Notice of Court Meeting*) and Part Eleven (*Notice of Extraordinary General Meeting*) of this document.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. INDEPENDENT STM SHAREHOLDERS ARE THEREFORE STRONGLY URGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR TO APPOINT A PROXY THROUGH THE CREST ELECTRONIC PROXY APPOINTMENT SERVICE (AS APPROPRIATE) AS SOON AS POSSIBLE. DOING SO WILL NOT PREVENT YOU FROM ATTENDING, SPEAKING AND VOTING AT THE MEETINGS, OR ANY ADJOURNMENT THEREOF, IF YOU WISH AND ARE ENTITLED TO DO SO.**

**THE INDEPENDENT STM DIRECTORS RECOMMEND UNANIMOUSLY THAT YOU VOTE IN FAVOUR OF THE SCHEME AT THE COURT MEETING AND THE GM RESOLUTIONS TO BE PROPOSED AT THE EXTRAORDINARY GENERAL MEETING AS THE INDEPENDENT STM DIRECTORS WHO HOLD STM SHARES HAVE IRREVOCABLY UNDERTAKEN TO DO IN RESPECT OF THEIR OWN BENEFICIAL HOLDINGS OF STM SHARES.**

Whether or not you plan to attend the Meetings, STM Shareholders should:

1. complete, sign and return the blue Form of Proxy for use at the Court Meeting, or alternatively, if you hold your STM Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received no later than 10.30 a.m. on 4 December 2023; and
2. complete, sign and return the yellow Form of Proxy for use at the Extraordinary General Meeting, or alternatively, if you hold your STM Shares in CREST, appoint a proxy through the CREST electronic proxy appointment service, so as to be received no later than 10.45 a.m. on 4 December 2023,

(or in the case of any adjournment, so as to be received not less than 48 hours before the time and date set for the adjourned Meeting, excluding any part of a day that is not a business day).

If you have not received the blue Form of Proxy and/or the yellow Form of Proxy, please contact the shareholder helpline on the number provided below.

If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chair of the Court Meeting or to STM’s registrar, Computershare, on behalf of the Chair of the Court Meeting before the start of the Court Meeting. However, in the case of the Extraordinary General Meeting, if the yellow Form of Proxy for the Extraordinary General Meeting is not returned by the time mentioned above, or not otherwise lodged in accordance with the instructions set out in the relevant Form of Proxy, it will be invalid.

Proxies may also be appointed electronically by accessing the shareholder portal on Computershare’s website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions to enter your control number, SRN and PIN which can be found on your Form of Proxy. If you submit your proxy form via the shareholder portal it must reach the registrar, Computershare, no later than 10.30 a.m. on 4 December 2023 for the Court Meeting and 10.45 a.m. on 4 December 2023 for the Extraordinary General Meeting or, in the case of any adjournment, so as to be received not less than 48 hours before the time and date set for the adjourned Meeting, excluding any part of a day that is not a business day.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear’s

specifications and must contain the information required for such instructions as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by STM's registrar, Computershare, (participant ID 3RA50) not later than 10.30 a.m. on 4 December 2023 in the case of the Court Meeting and not later than 10.45 a.m. on 4 December 2023 in the case of the Extraordinary General Meeting (or, in the case of an adjourned meeting, not less than 48 hours before the time and date set for the adjourned meeting, excluding any part of a day that is not a business day). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

STM may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4)(a) of the Regulations.

If you wish to appoint more than one proxy in respect of your shareholding, please contact the shareholder helpline on the number provided below to obtain (an) additional proxy form(s). Alternatively, you may photocopy the enclosed proxy form or, if you are a CREST member, please follow the procedures set out in the CREST Manual.

The completion and return of Forms of Proxy or the submission of a proxy via the CREST electronic proxy appointment service will not prevent you from attending and voting at the Court Meeting and/or Extraordinary General Meeting, or any adjournments of such Meetings should you wish to do so and are entitled to do so.

The results of the Court Meeting and the Extraordinary General Meeting will be announced through a Regulatory Information Service and also published on STM's website at <https://www.stmgroupplc.com/recommended-offer-for-stm-group-plc> once the votes have been counted and verified.

#### Shareholder helpline

If you have **any questions about this document**, the Court Meeting or the Extraordinary General Meeting or how to complete the Forms of Proxy or to appoint a proxy electronically or through the CREST electronic proxy appointment service, **please call** the shareholder helpline operated by Computershare on 0370 707 4040 or on +44 370 707 4040 from outside the UK (calls to this number from outside the UK will be charged at the applicable international rate). The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.



## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The following indicative timetable sets out expected dates for the implementation of the Scheme.

<i>Event</i>	<i>Time and/or date</i>
Publication of this document	7 November 2023

### **Latest time for lodging Forms of Proxy and registering proxy appointments through CREST for the:**

Court Meeting (blue Form of Proxy)	10.30 a.m. on 4 December 2023 <sup>(1)</sup>
Extraordinary General Meeting (yellow Form of Proxy)	10.45 a.m. on 4 December 2023 <sup>(2)</sup>
Voting Record Time for the Court Meeting and the Extraordinary General Meeting	6.00 p.m. on 4 December 2023 <sup>(3)</sup>

**Court Meeting** 10.30 a.m. on 6 December 2023

**Extraordinary General Meeting** 10.45 a.m. on 6 December 2023<sup>(4)</sup>

### **The following dates and times are indicative only and are subject to change<sup>(5)</sup>**

Court Hearing	A date ( <b>D</b> ) to be determined following the satisfaction or (if capable of waiver) waiver of the Conditions set out in Part 3 ( <i>Conditions to the implementation of the Scheme and to the Acquisition</i> ) of this document
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Last day of dealings in, or for registration of transfers of, and disablement in CREST of, STM Shares D+1 business day

Scheme Record Time 6.00 p.m. on D+1 business day

Dealings in STM Shares suspended 7.30 a.m. on D+2 business days

Expected Effective Date of the Scheme D+2 business days

Cancellation of admission to trading of, and dealings in, STM Shares on AIM By 7.30 a.m. on D+3 business days

Latest date for despatch of cheques and crediting of CREST for Cash Consideration due under the Scheme within 14 days of the Effective Date

Latest date for despatch of certificates in respect of DCUs to each DCU Holder within 14 days of the Effective Date

Long Stop Date 28 May 2024<sup>(6)</sup>

#### *Notes:*

- (1) It is requested that blue Forms of Proxy for the Court Meeting be lodged not later than 48 hours before the time appointed for the Court Meeting or, if the Court Meeting is adjourned, 48 hours prior to the time fixed for any adjourned Court Meeting (excluding any part of a day that is not a business day). Blue Forms of Proxy for the Court Meeting not lodged by this time may be presented to the Computershare representative who will be present at the Court Meeting, any time prior to the commencement of the Court Meeting (or any adjournment thereof).
- (2) Yellow Forms of Proxy for the Extraordinary General Meeting must be lodged not later than 48 hours before the time appointed for the Extraordinary General Meeting or, if the Extraordinary General Meeting is adjourned, 48 hours prior to the time fixed for the adjourned Extraordinary General Meeting (excluding any part of a day that is not a business day). Yellow Forms of Proxy for the Extraordinary General Meeting not lodged by this time will be invalid.

- (3) If either the Court Meeting or the Extraordinary General Meeting is adjourned, the Voting Record Time for the relevant adjourned meeting will be 6.00 p.m. on the day which is two days before the date of the adjourned meeting.
- (4) Or as soon as the Court Meeting shall have concluded or been adjourned.
- (5) These times and dates are indicative only and will depend, among other things, on the date upon which: (i) the Conditions are satisfied or (if capable of waiver) waived; (ii) the Court sanctions the Scheme; and (iii) a certified copy of the Court Order, together with a copy of the Scheme and all documents required to be annexed thereto (if any), is delivered to the Companies Registry and the Companies Registry registering such documents on STM's file.
- (6) This is the latest date by which the Scheme may become Effective unless Bidco and STM agree (with the Panel's consent and as the Court may approve (if such consent and/or approval is required)) a later date.

All references in this document to times are to London time unless otherwise stated. The dates and times given are indicative only and are based on STM's current expectations and may be subject to change. If any of the expected times and/or dates above change, the revised times and/or dates will be notified to STM Shareholders by announcement through a Regulatory Information Service with such announcement being made available on STM's website at <https://www.stmgroupplc.com/recommended-offer-for-stm-group-plc>.

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## PART ONE

### LETTER FROM THE CHAIR OF STM GROUP PLC

#### STM GROUP PLC

*(Incorporated and registered in the Isle of Man with number 005398V)*

Directors:

Nigel Birrell, *Non-Executive Chair*  
Alan Kentish, *Chief Executive Officer*  
Therese Neish, *Interim Chief Financial Officer*  
Peter Smith, *Non-Executive Director*

Registered Office:

1<sup>st</sup> Floor,  
Viking House,  
St Paul's Square, Ramsey,  
Isle of Man,  
IM8 1GB

7 November 2023

*To the holders of STM Shares and, for information only, to persons with information rights*

Dear STM Shareholder

### RECOMMENDED ACQUISITION OF STM GROUP PLC BY JAMBO SRC LIMITED

#### 1. Introduction

On 10 October 2023, the Boards of STM and Jambo SRC Limited (“**Bidco**”) announced that they had agreed the terms of a recommended offer pursuant to which Bidco will acquire the entire issued and to be issued share capital of STM.

I am writing to you today to set out the background to the Acquisition and the reasons why the Independent STM Directors consider the terms of the Acquisition to be fair and reasonable and are unanimously recommending that you vote in favour of the Acquisition. I draw your attention to the letter from Cavendish set out in Part Two (*Explanatory Statement*) of this document which gives details about the Acquisition, to the details of the Deferred Consideration Units and Loan Notes set out in Part Six (*Deferred Consideration Units and Loan Notes*) of this document and to the additional information on STM and Bidco set out in Part Eight (*Additional information on STM and Bidco*) of this document.

In order to approve the terms of the Acquisition, the Scheme will require the approval of the Independent STM Shareholders at the Court Meeting and will require STM Shareholders to vote in favour of the Other GM Resolution relating to the Acquisition and for Independent STM Shareholders to vote in favour of the Rule 16 Resolution which are to be proposed, in each case, at the Extraordinary General Meeting, to be held on 6 December 2023 at the offices of STM at 5th floor, 330 High Holborn, London WC1V 7QH. Details of the actions you are asked to take are set out in paragraph 13 of Part Two (*Explanatory Statement*) of this document. The recommendation of the Independent STM Directors is set out in paragraph 16 of this letter.

#### 2. Summary of the terms of the Acquisition

The Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between STM and Scheme Shareholders under Part X of the Companies Act.

Under the terms of the Acquisition, which will be subject to the terms and conditions set out in Part Three (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document, Scheme Shareholders will be entitled to receive:

**60 pence in cash for each STM Share (“Cash Consideration”); and**

**a Deferred Consideration Unit which may deliver up to 7 pence per STM Share in cash (together with the Cash Consideration, the “Maximum Acquisition Value”)**

In certain circumstances, the Deferred Consideration Units will have zero value.

The Cash Consideration values the entire issued and to be issued ordinary share capital of STM at approximately £35.6 million and delivers 60 pence in cash per STM Share, which represents a premium of approximately:

- 118.2 per cent. to the Closing Price of 27.5 pence per STM Share on 10 July 2023, being the last business day prior to the commencement of the Offer Period;
- 130.9 per cent. to the volume weighted average price of 25.9 pence per STM Share for the one-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period; and
- 130.5 per cent. to the volume weighted average price of 26 pence per STM Share for the three-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period.

The Maximum Acquisition Value, which assumes full value is delivered by the Deferred Consideration Units, values the entire issued and to be issued ordinary share capital of STM at approximately £39.8 million and delivers up to, in aggregate, 67 pence in cash per STM Share, which represents a premium of approximately:

- 144 per cent. to the Closing Price of 27.5 pence per STM Share on 10 July 2023, being the last business day prior to the commencement of the Offer Period;
- 158 per cent. to the volume weighted average price of 25.9 pence per STM Share for the one-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period; and
- 157 per cent. to the volume weighted average price of 26 pence per STM Share for the three-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period.

If any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the STM Shares (in each case with a record date prior to the Effective Date), Bidco has the right to reduce the amount of the consideration payable under the Acquisition by an amount equal to the amount of such dividend and/or distribution and/or return of capital. Where the consideration is so reduced, any reference in this document to the consideration will automatically be deemed to be a reference to the consideration as so reduced by the amount of such dividend and/or distribution and/or return of capital. In such circumstances, STM Shareholders would be entitled to receive and retain any such dividend or other distribution and/or return of capital. Any reduction of the consideration shall be the subject of an announcement and, for the avoidance of doubt, not be regarded as constituting any revision or variation of the terms of the Acquisition or the Scheme.

Further details of the Deferred Consideration Units and the Loan Notes are contained in paragraph 11 of this Part One (*Letter from the Chair of STM*) and at Part Six (*Deferred Consideration Units and Loan Notes*) of this document.

### **3. Background to and reasons for the Acquisition**

Bidco is an English private company limited by guarantee, which was formed for the purposes of the Acquisition and is funded by Pension SuperFund Capital. The mission of Pension SuperFund Capital is to provide a complete solution to pension savers and members. The board of Pension SuperFund Capital has stated that it intends for Pension SuperFund Capital to be at the heart of consolidation and pension risk transfer, building on its leadership team's success *inter alia* at Pension Insurance Corporation, Hannover Re, and the London Pension Fund Authority.

Worldwide, pension savers and sponsoring employers face intractable issues managing pensions to provide for an adequately funded retirement. In the UK, Chancellor Jeremy Hunt's Mansion House Speech on 10 July 2023 laid out a new paradigm for pensions and long-term investing in the UK. Defined contribution funds are not generating the returns required for savers to support them in retirement and defined benefit schemes are in accounting surplus, but not generating sufficient returns, thus requiring cash injections from industry, as opposed to investing in growth to top them up.

The reforms (the “**Mansion House Reforms**”) are focused on providing good value outcomes for investors and to combat the long drift into Liability Driven Investing which has seen pension allocation to UK equity and private companies decline to very low levels.

Personal pensioners and small funds have high administrative costs relative to assets under management and are particularly susceptible to the problems of low liquidity investments, so the reforms are also aimed at driving pension fund consolidation and encouraging collective funds. This is designed to bring down costs, but also enable portfolio balancing with higher growth investments, especially accessing private markets such as infrastructure.

The key elements of the Mansion House Reforms are:

- a shift in regulatory emphasis towards value for money, long-term investment returns as opposed to simply focusing on costs;
- for pension funds to consolidate (both defined contribution and defined benefit funds) and establish superfunds and collective investment funds in order to bring down costs while enabling investments in higher growth investments, including illiquid investments without creating liquidity traps for smaller funds; and
- for pension funds to allocate at least 5 per cent. of funds to unlisted growth companies (£50 billion of new capital allocation to growth companies in the UK, supported by 2/3rds of defined contribution mastertrust funds already).

Pension SuperFund Capital intends to be at the forefront of driving this change in the UK pension market, aiming to create better outcomes for pensioners and freeing employers from the burden of pension liabilities.

With deep and wide-ranging experience in pensions, Pension SuperFund Capital has access to significant lines of capital and assets, with which to help provide a safe and secure home to pensioners and pension savers.

The STM Group business lines are complementary to Pension SuperFund Capital’s businesses. However, Bidco and Pension SuperFund Capital believes that STM businesses lack sufficient scale to enable customers and pension savers to access the broadest range of portfolios, including less liquid growth assets. In addition, they are running on legacy technology systems which, if optimised, have the potential to increase cost efficiency and improve investor outcomes.

STM’s operations in the UK, Malta, Gibraltar, Spain and Australia provide Pension SuperFund Capital with a broad platform for providing customers with products and services. Pension SuperFund Capital brings strong regulatory relationships and the capital required to make the required investments to maintain and improve those regulatory relationships as the business grows in breadth of product and scale of operations.

It is the belief of Bidco and Pension SuperFund Capital that a combined business with STM’s current customers and assets and Pension SuperFund Capital’s technology and access to capital, would create a strong platform to consolidate defined contribution and defined benefit pensions to provide better outcomes for customers and pension savers.

#### **4. Background to and reasons for the recommendation**

STM was admitted to trading on AIM in 2007. The business was originally a strategic investment company operating in the corporate and trustee service provider sector and has since grown and evolved into a multi-jurisdictional financial services group, both organically and by acquisition.

Since its inception, STM has taken steps to diversify its revenue from its origins as a corporate and trustee service provider and has successfully acquired and integrated a number of businesses and assets over the last decade, including London and Colonial Holdings Ltd, Carey Administration Holdings Limited, certain businesses providing SSAS administration and consultancy services from Berkeley Burke and most recently the portfolio, net assets and trustee companies of the SIPP and SSAS businesses from Mercer Ltd. These businesses have allowed STM to enhance its customer proposition into international pensions and life assurance. Alongside these acquisitions, STM has launched organic initiatives, such as the development of

international retirement solutions for the expatriate market and continuing development of its in-house administration system.

However, the STM Directors recognise that opportunities exist to improve the operating performance of the business, in particular through:

- a review of technology in the context of the business's current capabilities;
- a review of the areas of the business that are not likely to materially grow in revenue and profitability in the short to medium term, with a view to conducting a staged realisation programme where appropriate; and
- a general reduction of non-recurring costs across the business.

This following was stated in STM's latest results announcement dated 27 June 2023:

*"STM is at a cross-roads in its evolution, and whilst it is fortunate to have a wide range of products and services it is important that we focus on those areas that have the potential to deliver a step-change in profitability. As part of this assessment of our next steps, the Group board initiated a strategic review in the first quarter of 2023, with the aid of external consultants. As announced in May 2023, the external advisor engagement is complete, and the Board have assessed the conclusions from it and have begun to refine the Group's strategy. In particular, the review has identified areas of the business where we are likely to struggle to materially grow in revenue and profitability, but also areas with the potential for future growth following further investment. The Board is therefore considering whether we crystallise some of that embedded shareholder value from those areas of the businesses which may struggle to materially grow under the Group's ownership.*

*The strategic review demonstrates some of our competitors are significantly more profitable than ourselves in certain areas, and this in turn has initiated the natural next step of our strategic review into our use of technology and our current capabilities. There has been significant M&A activity in the UK pensions sector driven by technology and trading platform capabilities. The outcome of this technology review will inform our decisions of the areas to focus on to drive the Group's future growth."*

It is the view of the STM Directors that there are cost, timing and execution risks attached to pursuing the above stated strategy, and STM will need additional financial flexibility in order to unlock its full potential. Further, the STM Directors believe that the financial and strategic support of Pension SuperFund Capital, with its focus on creating a market leading pensions offering, could assist in delivering longer-term value creation for stakeholders.

Ahead of receiving an approach by Bidco, the STM Board was in the process of negotiating terms in respect of the sale of the Master Trust, in line with its ongoing strategy review. Ahead of publication of the 2.7 Announcement, STM had agreed with Bidco to recommence the sale process for the Master Trust and, following publication of the 2.7 Announcement, has engaged with the trustees of the Master Trust accordingly. As at the date of this document, the STM Board continues to explore its options as regards the proposed sale of the Master Trust.

The STM Directors believe the Cash Consideration reflects an attractive valuation for STM and provides a potential future benefit through the Deferred Consideration Units. The STM Directors believe that the Acquisition will provide all STM Shareholders with the opportunity to obtain liquidity for their investment in STM's shares and to crystallise the value of all of their holdings, which the STM Directors consider may not otherwise be achievable in the near-term or in a tax efficient way. The STM Directors believe that the Acquisition will provide STM with enhanced operational flexibility and financial resilience, enabling it to offer a more attractive proposition to its customers and potential opportunities for employees through pursuing its growth strategy.

Having taken into account all relevant factors, the STM Directors believe that the terms of the Acquisition are compelling and deliver attractive value for STM Shareholders for their STM Shares in cash.

As such, the Independent STM Directors recommend unanimously that the Independent STM Shareholders vote in favour of the Scheme at the Court Meeting and the GM Resolutions to be proposed at the Extraordinary General Meeting.

## 5. MBO Sale

Bidco previously confirmed to the Independent STM Directors that its offer for STM would be conditional upon the completion of a disposal of certain parts of STM, being the SIPPs Business.

On 9 October 2023, STM entered into an agreement for the sale of the SIPPs Companies to Pathlines Holdings Limited (“**Pathlines**”), a company which is controlled by the STM CEO, Alan Kentish, for a total cash consideration of £4.5 million (the “**MBO Sale**”). Under the terms of the MBO SPA, Pathlines has agreed to procure and guarantee the redemption and repayment in full of the existing £1 million redeemable preference shares issued by London & Colonial Services Limited (one of the SIPPs Companies) to London & Colonial Holdings Limited (an entity in the Wider STM Group that is not a SIPPs Company) by 1 March 2025.

Alan Kentish, as guarantor under the MBO Sale, has personally guaranteed £4.1 million of the £4.5 million consideration payment obligations of Pathlines pursuant to the terms of the MBO SPA. Completion of the MBO Sale is conditional on, amongst other things, the Rule 16 Resolution being passed at the Extraordinary General Meeting and the sanction of the Scheme by the Court. The consideration payable under the Acquisition takes into account the proceeds of the MBO Sale, which will be retained by STM.

The MBO SPA includes, *inter alia*, an intention between Pathlines and STM to agree both a transitional services agreement and a collaboration agreement to be entered into on completion of the MBO Sale in order to ensure the STM businesses and the SIPPs Businesses continue to operate in the ordinary course. In addition, if, in the future, Pathlines wishes to dispose of, directly or indirectly, all or any part of the SIPPs Business, STM will be afforded a right of first refusal (available for three years) to repurchase the SIPPs Businesses, subject to certain terms. For the year ended 31 December 2022, the SIPPs Companies had revenue of £3.8 million (unaudited) and profit after tax of £0.1 million (unaudited). The net assets attributable to the SIPPs Companies were £3.3 million (unaudited) as at 31 December 2022.

In connection with the MBO Sale, Clifton Participations Limited has irrevocably and unconditionally directed the Receiving Agent to pay £2.5 million of the consideration receivable by it under the Acquisition directly to STM so as to partially satisfy Pathlines’ obligation to pay the purchase price to STM in connection with the MBO Sale.

Alan Kentish is a director of STM and both he and his concert parties are interested in STM Shares. As a consequence of this and the provisions of Rule 16 of the Code, the MBO Sale is conditional on, amongst other things, the approval of the Rule 16 Resolution at the Extraordinary General Meeting. Alan Kentish and his concert parties are excluded from voting on the Rule 16 Resolution. Alan Kentish along with his close relatives and through his indirect holding in Clifton Participations Limited holds 7,078,900 STM Shares, representing 11.92 per cent. of STM’s existing issued share capital.

Bidco has received binding irrevocable undertakings to vote in favour of the Rule 16 Resolution in respect of, in aggregate, a total of 14,382,566 STM Shares, representing approximately 24.21 per cent. of the STM Shares in issue on the Latest Practicable Date and approximately 27.48 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date.

As required by, and solely for the purposes of, Rule 16.1 of the Code, Cavendish has (in its capacity as independent adviser to the Independent STM Directors for the purposes of Rule 3 of the Code), advised the Independent STM Directors that the terms of the MBO Sale are fair and reasonable. In providing its advice to the Independent STM Directors, Cavendish has taken into account the commercial assessments of the Independent STM Directors.

As Alan Kentish is a director of STM, the MBO Sale is also classified as a related party transaction for the purposes of the AIM Rules. The Independent STM Directors consider, having consulted with Cavendish, the Company’s nominated adviser, that the terms of the MBO Sale are fair and reasonable in so far as the STM Shareholders are concerned.

## 6. Irrevocable undertakings

Bidco has received an irrevocable undertaking from Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly) to vote in favour of the Scheme at the Court Meeting and the GM Resolutions at the Extraordinary General Meeting in respect of her own entire beneficial holdings of 492,756 STM Shares, representing approximately 0.83 per cent. of the STM Shares in issue on the Latest Practicable



Date and approximately 0.94 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date.

In addition to the irrevocable undertaking from Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly), Bidco has also received irrevocable undertakings from the MBO Shareholders to vote or procure votes in favour of the Other GM Resolution only, in respect of, in aggregate, 7,078,900 STM Shares representing approximately 11.92 per cent. of the STM Shares in issue on the Latest Practicable Date. At the same time, the MBO Shareholders have each agreed to support the Acquisition and to be bound by the terms of the Scheme.

In addition, Bidco has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the GM Resolutions from certain Independent STM Shareholders in respect of, in aggregate, 13,889,810 STM Shares representing approximately 23.38 per cent. of the STM Shares in issue on the Latest Practicable Date and approximately 26.54 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date.

In total, therefore, Bidco has procured:

- irrevocable undertakings from Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly) and certain Independent STM Shareholders to vote in favour of the Scheme at the Court Meeting and the Rule 16 Resolution in respect of, in aggregate, 14,382,566 STM Shares, representing approximately 24.21 per cent. of STM Shares in issue on the Latest Practicable Date and approximately 27.48 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date; and
- irrevocable undertakings from Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly), the MBO Shareholders and certain Independent STM Shareholders to vote in favour of the Other GM Resolution in respect of, in aggregate, 21,461,466 STM Shares representing approximately 36.13 per cent. of the STM Shares in issue on the Latest Practicable Date.

Further details of the irrevocable undertakings are set out in paragraph 9 of Part Eight (*Additional information on STM and Bidco*) of this document.

## **7. Information on Pension SuperFund Capital and Bidco**

Bidco is an English private company limited by guarantee that was established on 4 July 2023. Bidco was formed for the purposes of the Acquisition, is funded by Pension SuperFund Capital, and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition. Pension SuperFund Capital is a private investment firm founded in 2018. With a world class team, that managed Pension Insurance Corp; the London Pension Fund Authority and Hannover Life Re, the firm currently has over £400 million of assets under management dedicated to investment opportunities in the UK pensions space. The firm has recently closed a £68 million Capital Backed Funding Arrangement for a pension scheme. In addition to the first pension consolidation transaction for many years, the firm has built Long Term Assets (described below) with a seed portfolio of £300 million of assets. There is no financial information available or which has been published in respect of either Pension SuperFund Capital or Bidco.

The mission of Pension SuperFund Capital is to provide a complete solution to pension savers and ultimately improve member outcomes. With an unparalleled team track record in creating and overseeing pension businesses and solutions, Pension SuperFund Capital has access to significant lines of capital and assets with which to help provide a safe and secure home to both pensioners and pension savers.

Pension SuperFund Capital has in place substantial capital to safely support further pension risk transfers. Pension SuperFund Capital is creating a new strategic opportunity for the global US\$61 trillion pension market. Pension SuperFund Capital's pension solutions include:

- Going 'on risk' for the liability and investment risks inherent in pensions, to underpin the certainty of pension outcomes for employers, members and pension trustees;
- Pioneering Pension SuperHaven to provide defined contribution pension savers with a chance to transfer into a decent 'defined benefit' pension for life; and subsequently a share of the investment upside;

- Pension SuperFund Capital is the controlling shareholder of Long Term Assets, a vehicle intended to give pension savers access to private market investments in line with the Mansion House Reforms; and
- Long Term Assets' biggest asset, Global InterConnection Group Limited, listed its shares on the Euronext Amsterdam on 7 July 2023.

Pension SuperFund Capital has a world-class management team with an unparalleled track record in pension consolidation and fostering pension solutions.

- The Bidco and PSF Capital teams include: former CEOs of Pension Insurance Corporation, Hannover Re; CIO Greater London Authority; former Chair and CFRO at London Pension Fund Authority; CRO and chair Risk and Audit Committee Pension Insurance Corporation; Head of Risk at Insight and LGIM; CIO Hermes; and SG Hambros Private Banking;
- Private and public pension consolidation; architects of the £260 billion Local Government Pension Schemes' SuperPools and Pension Protection Fund; pioneers of the longevity risk transfer market and medical annuity underwriting; eminent pension trustees;
- Completed £8 billion of 'capital backed funding arrangements', pension sponsor acquisitions and PPF+ deals, improving pension benefits for over 100,000 individuals; and
- Best-in-class partners to provide insurance solutions, fiduciary management, member experience, asset and liability management.

## 8. Information on STM

STM was admitted to trading on AIM in 2007.

STM was originally formed to consolidate corporate and trustee service providers operating in international jurisdictions, and the STM Group subsequently expanded into the international pensions arena. The growth in the STM Group pensions division has been accompanied by an increase in demand for the range of STM's life assurance bonds, some of these available as complementary products to the STM Group pension and trust products. As such, the STM Group has become recognised as a leading player in administration of client assets in relation to retirement, estate and succession planning and wealth structuring, to a global market.

Today, the STM Group has operations in the UK, Gibraltar, Malta, Spain and Australia and employs approximately 290 staff. STM has developed a range of pension products for UK nationals and internationally domiciled clients and has two Gibraltar life assurance companies which provide life insurance bonds and annuities – wrappers in which a variety of investments, including investment funds, can be held.

STM currently trades under the names 'STM' (including 'STM Fidecs', 'STM Life' and 'STM Malta'), 'Options' and 'London & Colonial', across the following products and services:

- Life Assurance: With two Gibraltar-based life assurance companies, the STM Group offers a broad range of pension and investment solutions;
- Qualifying Recognised Overseas Pension Schemes: pensions exported by UK expatriates, administered via Malta and Gibraltar;
- UK Workplace pensions: the provision of Defined Contribution ('DC') pensions for UK employers and members, auto-enrolled via the Master Trust;
- Self-Invested Personal Pension schemes ('SIPPs') & Small Self-Administered Schemes ('SSAS'): SIPPs are products regulated in the UK by the FCA, whereas SSAS fall under the purview of the UK Pension Regulator. STM has products specifically tailored to serve both the UK and international market;
- Group Pension Plans;
- Pension Consultancy: administration and pension consultancy services to defined benefit pension funds as well as DC funds; and
- An Australian pension administration company.

## 9. Current trading

On 28 September 2023, STM reported its interim results for the period ended 30 June 2023. Against a challenging macro-economic backdrop, STM Group delivered total revenue in the six months to 30 June 2023 of £13.2 million (2022: £11.3 million), which included £0.9 million of interest income. Profit before other items was £1.5 million (six months ended 30 June 2022: £1.4 million) and profit before tax was approximately £0.1 million (six months ended 30 June 2022: £0.5 million). The core business remained stable with recurring operating revenue remaining resilient when compared to the first half of 2022, with overall revenue for the business up from the prior year.

For the twelve months ended 31 December 2022, STM reported revenues of £24.1 million, profit before other items of £3.3 million and profit before tax of £1.6 million.

Since 30 June 2023 (being the date to which STM's interim results were drawn up), STM has continued to demonstrate resilience in its underlying business through its recurring revenue, supplemented with strengthening interest income from its interest sharing model. As a result, STM expects to be in line with management's internal expectations for the year ending 31 December 2023.

## 10. Bidco's intentions with regards to the directors, management, employees, pensions, research and development and locations of STM

### ***Bidco's strategic plans for STM***

As noted in paragraph 5 (*MBO Sale*) of this Part One (*Letter from the Chair of STM*) above, Bidco previously confirmed to the STM Directors that its offer for STM would be conditional upon the completion of a disposal of certain parts of STM, being the SIPPs Business. For the avoidance of doubt, the statements included in this section do not include any intentions around the SIPPs Business.

As set out in paragraph 3 (*Background to and reasons for the Acquisition*) of this Part One (*Letter from the Chair of STM*) above, Bidco believes that the combination of Bidco and STM will create a more scalable platform from which to grow and consolidate pension funds to provide better outcomes for underlying savers in line with the aims of the Chancellor's Mansion House Speech on 10 July 2023.

Bidco has not yet fully formulated its specific plans and detailed strategy for STM. Following the Acquisition, Bidco intends to complete a full evaluation of STM and its operations in order to determine how its short- and long-term objectives can be best delivered both on a standalone basis and ultimately as part of the Enlarged Group, in order to maximise value to the stakeholders of the Enlarged Group (the "**Review**").

The Review will include:

- further analysis of STM's key products, regulatory relationships and initiatives;
- engaging with the key stakeholders of the STM business, including relevant regulatory bodies;
- identifying and assessing the growth opportunities of the Enlarged Group;
- continuing STM management's technology review, including investigation into the potential benefits of using technology-based third party solutions to provide administration services;
- improvements of systems and processes in line with regulatory standards and requirements;
- subject to the outcome of STM's discussions regarding any proposed sale of the Master Trust as referenced in paragraph 4 of this Part One (*Letter from the Chair of STM*), changes to the management, structure and/or ownership of the Master Trust to ensure long term benefits to members; and
- considering how best to position STM's business to compete more strongly, including evaluation of the optimum corporate, organisational and office portfolio setup for the Enlarged Group.

Bidco expects that the Review will be completed within approximately three months of the Effective Date.

### ***Employees and management***

Bidco attaches importance to the skills and experience of STM's management and employees and recognises that the employees and management of STM will be key to the success of the Enlarged Group. Bidco is looking forward to working with STM's management and employees to support the future development of STM within the Enlarged Group.

It was announced on 25 September 2023 that Therese Neish would be departing as Interim Chief Financial Officer and board member on 31 December 2023. On 3 November 2023, Therese Neish subsequently entered into an agreement whereby she will remain as Interim Chief Financial Officer and board member until the Effective date, provided that the Effective Date is no later than the Long Stop Date (unless otherwise agreed in writing), the terms of which being materially similar to her existing contract. It is also intended that Alan Kentish will depart as Chief Executive Officer from the Effective Date, as a result of his involvement in the MBO Sale.

As at the date of this document, other than in respect of these senior management roles, Bidco had not identified significant duplication of roles within the two businesses and does not expect a significant number of headcount reductions from the creation of the Enlarged Group. However, Bidco is appointing expert executive leadership consultants to assist in their desire to create a unified executive management team, blending the best skills within both Bidco and STM, to be complemented by external hires. The exact composition of this team will be finalised following completion of the Review, following which Bidco will have had the opportunity to identify the best talent in both organisations.

Bidco is not intending to change the terms and conditions of employment of the management and employees of the Enlarged Group. However, as a result of the Review, Bidco cannot be certain as to what impact there will be on the employment of, and the balance of skills and functions of, the management and employees of the Enlarged Group.

Once the Review is complete, Bidco's expert executive leadership consultants will provide assistance with the integration process, with the intention of motivating and retaining the best talent within the Enlarged Group.

Once STM ceases to be a listed company, public company-related functions will be reduced in scope or become unnecessary, and as such Bidco expects headcount in relation to these functions to be reduced or eliminated (with staff affected reallocated internally to the extent possible). It is intended that, with effect from the Effective Date, each of the Non-Executive Directors of STM shall resign from their office as a director of STM.

### ***Existing rights and pensions***

Bidco confirms that, following completion of the Acquisition, the existing contractual and statutory rights, including pension rights, of all management and employees of STM and its subsidiaries will be fully safeguarded in accordance with applicable law. In addition, the Review and any headcount reduction will be subject to applicable informing and consulting requirements and conducted in accordance with applicable law.

Bidco (together with Pension SuperFund Capital) will review the existing pension arrangements, which, as pension experts, it may be able to improve upon. STM operates defined contribution pension arrangements for its management and employees and has no exposure under any form of defined benefit pension scheme. Bidco does not intend to make any adverse changes to the employer contributions in the STM defined contribution pension plans, the accrual of benefits to existing members or the admission of new members into such pension plans following the completion of the Acquisition.

### ***Headquarters, locations, fixed assets and research and development***

Bidco intends to retain the Enlarged Group's headquarters in the City of London.

Bidco does not intend to make any immediate changes to the operations, places of business or headquarters of STM, pending the outcome of the Review.

Bidco does not intend there to be any material redeployment of the fixed assets of STM, pending the outcome of the Review.

STM has no dedicated research and development function.

### ***Management incentive arrangements***

Other than set out below, Bidco has not entered into and has not discussed any form of incentivisation arrangements with members of STM's management. Bidco does not intend to discuss any form of incentivisation agreement with members of STM's management team before completion of the Acquisition.

Following the Effective Date, Bidco may have discussions and enter into appropriate arrangements for certain members of the Enlarged Group's management team.

### **Additional Remuneration Arrangements**

The Remco of the STM Board has, with the consent of Bidco, approved additional remuneration payments for Therese Neish (Interim Chief Financial Officer), Nigel Birrell (Non-Executive Chair) and Peter Smith (Non-Executive Director) of £70,000, £50,000 and £50,000 respectively, and certain other senior employees, in consideration and recognition of the additional work carried out in connection with the Acquisition (above and beyond their normal duties and responsibilities). These bonuses are subject to the Acquisition becoming Effective.

As required by, and solely for the purposes of, Rule 16.2 of the Code, Cavendish has (in its capacity as independent adviser to the Independent STM Directors for the purposes of Rule 3 of the Code) reviewed the terms of the transaction bonuses and has confirmed that, in its opinion, the transaction bonuses set out above are fair and reasonable. In providing this advice to the STM Directors, Cavendish has taken into account the commercial assessments of the STM Directors.

The proposed additional remuneration payments in respect of Therese Neish, Nigel Birrell and Peter Smith are related party transactions under the AIM Rules. Alan Kentish (being the only independent Director for the purpose of such assessment) having consulted with Cavendish, considers the terms of the bonus arrangements noted above to be fair and reasonable insofar as STM Shareholders are concerned.

### **Trading facilities**

STM Shares are currently admitted to trading on AIM. Subject to the Scheme becoming effective, an application will be made to the London Stock Exchange for the cancellation of admission to trading of the STM Shares on AIM.

The statements in this paragraph 10 of this Part One (*Letter from the Chair of STM*) are not "post-offer undertakings" for the purposes of Rule 19.5 of the Code.

### **Views of the STM Board**

In considering the recommendation of the Acquisition to Independent STM Shareholders, the Independent STM Directors have given due consideration to Bidco's intentions for the business, management, employees and locations of business of STM.

## **11. Details of the Deferred Consideration Units and Loan Notes**

### **General**

Under the terms of the Scheme, each Scheme Shareholder will receive one Deferred Consideration Unit for each Scheme Share. The Deferred Consideration Units have been constituted by a deed poll entered into by Bidco on 10 October 2023. Under the terms of the DCU Deed Poll, subject to the DCU Conditions having been satisfied, each Deferred Consideration Unit shall entitle its holder to one Loan Note. The principal value of each Loan Note that the DCU Holder may be entitled to, and therefore the amount of cash ultimately payable to a Loan Note holder upon redemption of their Loan Notes on the Loan Note Payment Date, shall be determined by way of an Assessment Process in accordance with the terms of the DCU Deed Poll.

The Deferred Consideration Units will not represent any equity or ownership interest in Bidco, and accordingly will not confer on the DCU Holder any right to attend, speak at or vote at any meeting of the shareholders of Bidco or right to any dividends or right to any return of capital by Bidco.

The Deferred Consideration Units will be non-transferable. No application will be made for the Deferred Consideration Units to be listed or dealt in on any stock exchange. The Deferred Consideration Units will be governed by English law and will be issued in certificated form.

If Bidco reasonably believes or is advised that a Scheme Shareholder is a Restricted Overseas Shareholder or the laws of any jurisdiction make it illegal for Scheme Shareholders to hold or be issued Deferred Consideration Units or Loan Notes or would require any qualification of the Deferred Consideration Units

under any applicable laws or regulations, Bidco may, at its discretion, determine that the Deferred Consideration Units which would otherwise have been attributable to such Restricted Overseas Shareholder under the terms of the Acquisition and the DCU Deed Poll will be held by Bidco itself (or a nominee of Bidco) on behalf of such Restricted Overseas Shareholder. Any Loan Note and subsequent cash proceeds that may become due in respect of such Deferred Consideration Units will be forwarded to the Restricted Overseas Shareholder at the same time as payment is made to the holders of the Loan Notes (subject to the terms and conditions Deferred Consideration Units and Loan Notes as they apply for determining such amount) (after deduction of fees and other costs and expenses).

**The Deferred Consideration Units are complex instruments and a number of factors will determine whether any amount will actually be paid to Scheme Shareholders by way of the Loan Notes. The Loan Note Principal Value is capped at a maximum of 7 pence and the minimum value under the Loan Notes is zero.**

Subject to the satisfaction of the DCU Conditions and agreement on, or determination of, the Loan Note Principal Value, Bidco shall enter into the Loan Note Instrument. The Loan Note Principal Value will be determined by the Assessment Process set out in the DCU Deed Poll and summarised below and in more detail in Part Six (*Deferred Consideration Units and Loan Notes*) of this document, following which, each DCU Holder will either receive one Loan Note for each Deferred Consideration Unit held by such DCU Holder or, if the results of the Assessment Process are such that the Loan Note Principal Value is agreed or determined to be zero, no Loan Notes will be issued, and in these circumstances the DCU Holders will not receive any additional consideration under the terms of the DCU Deed Poll. In these circumstances, the value of each Deferred Consideration Unit would be zero.

No interest shall be payable on the Loan Notes, other than in circumstances where Bidco is in default of its payment obligations under the terms of the Loan Note Instrument. Each Loan Note shall have a term which ends on the date falling one year after the Effective Date. On redemption (being the Loan Note Payment Date) the Loan Note Principal Value will be paid to the holders of the Loan Notes and the Loan Notes will be automatically cancelled.

Full details of the Deferred Consideration Units and the Loan Notes are contained in Part Six (*Deferred Consideration Units and Loan Notes*) of this document.

### **DCU Conditions**

The Loan Notes shall only become capable of being issued providing the following conditions (the “**DCU Conditions**”) have been satisfied in full, following which an assessment process (as referenced below) will begin in order to determine the Loan Note Principal Value:

- (a) the UK Pensions Regulator not having taken any action or required a third party to take any action that would result in or has resulted in (i) the winding up of the Master Trust; or (ii) the Wider STM Group ceasing to operate the Master Trust, in either case, prior to the Effective Date;
- (b) satisfaction in full of Conditions 2(b) and 2(c) (as set out in Part Three (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document) by the Effective Date;
- (c) as at the Effective Date, no Regulator having given notice, following the date of the DCU Deed Poll, of a decision to take, institute or implement 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 which would result in, or has resulted in, in each case, (i) the withdrawal or loss of any license, authorisation or regulatory approval held by the Wider STM Group as at the date of the DCU Deed Poll and which is or would be material in the context of the Wider STM Group taken as a whole; or (ii) the imposition of any fine or penalty on any member of the Wider STM Group and which is or would be material in the context of the Wider STM Group taken as a whole,

provided always that if, prior to the Effective Date, it is agreed that the Master Trust and/or its associated Wider STM Group funding entity is, with the agreement of the Master Trust trustees, to be sold, novated or otherwise transferred (“**MT Sale**”), then, DCU Condition (a) above and, solely in respect of the UK Pension Regulator with regard to DCU Condition (c) above, shall be treated as having been satisfied in full as at the date of public announcement of such MT Sale, provided that the agreement to any MT Sale is not thereafter rescinded prior to the Effective Date. As set out in paragraph (*Background to and reasons for the recommendation*) of this Part One (*Letter from the Chair of STM*) ahead of publication of the

2.7 Announcement, STM had agreed with Bidco to recommence the sale process for the Master Trust and following publication of the 2.7 Announcement, has engaged with the trustees of the Master Trust accordingly. As at the date of this document, the STM Board continues to explore its options as regards the proposed sale of the Master Trust.

### **Assessment process**

Subject to the DCU Conditions being met, the calculation of the Loan Note Principal Value shall be based on an assessment of change in the net attrition rate of customer numbers, which means, the netting off of new customer wins against customer losses on an annualised basis across, in each case, the STM Group business during the period from 30 September 2023 until the last day of the month prior to the Effective Date. The net attrition calculation shall not take into account: (i) any customer losses caused by deaths; (ii) any customer wins and customer losses of the SIPP's Companies; and (iii) any customer wins and customer losses of the Master Trust in the event it is no longer owned by the STM Group as at the Effective Date. Bidco shall prepare and deliver to a representative appointed by STM the calculation of the Loan Note Principal Value for review no later than 15 business days after the Effective Date.

The principal value of each Loan Note to be issued pursuant to the Loan Note Instrument will be calculated as set out in Part Six (*Deferred Consideration Units and Loan Notes*) of this document.

Within 10 business days of determination of the Loan Note Principal Value referred to above, Bidco shall issue the Loan Notes, each Loan Note being in a principal amount equal to the Loan Note Principal Value.

### **Loan Notes**

The Loan Notes will be governed by English law, will be issued, credited as fully paid and will be issued in certificated form. The Loan Notes will not be transferable and no application will be made for them to be listed or dealt in on any stock exchange.

The Loan Notes will not bear interest other than in circumstances where Bidco is in default of its payment obligations under the terms of the Loan Note Instrument.

The Loan Notes will be issued in accordance with the terms of the DCU Deed Poll and Loan Note Instrument. On the expiry of the term, Bidco will redeem the outstanding Loan Notes for cash. A holder of the Loan Notes may not opt to redeem any of his or her notes prior to the expiry of the term.

Full details of the Loan Notes are contained in Part Six (*Deferred Consideration Units and Loan Notes*) of this document.

The Panel has determined that an estimate of the value of the Deferred Consideration Units and Loan Note in accordance with Rule 24.11 of the Code is not required to be included in this document.

## **12. Action to be taken by STM Shareholders**

Details of the approvals being sought at the Court Meeting and the Extraordinary General Meeting and the action to be taken by STM Shareholders in respect of the Acquisition are set out in paragraph 13 of Part Two (*Explanatory Statement*) of this document.

## **13. Overseas shareholders**

Overseas holders of STM Shares should refer to Part Seven (*Additional information for overseas shareholders*) of this document, which contains important information relevant to such holders.

## **14. Structure of and Conditions to the Acquisition**

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between STM and the Scheme Shareholders under Part X of the Companies Act. Bidco reserves the right to elect, however, with the consent of the Panel (where necessary), to implement the Acquisition by way of a Takeover Offer.

The purpose of the Scheme is to provide for Bidco to become the holder of the entire issued and to be issued share capital of STM. This is to be achieved by the transfer of the Scheme Shares to Bidco, in consideration for which the Scheme Shareholders who are on the register of members of STM at the Scheme Record Time, shall receive Cash Consideration and Deferred Consideration Units, in each case, on the basis set out in paragraph 2 of this Part One (*Letter from the Chair of STM*).

The Scheme is subject to the Conditions and certain further terms set out in Part Three (*Conditions to implementation of the Scheme and to the Acquisition*) of this document and the Forms of Proxy and will only become effective if, amongst other things, the following events occur on or before the Long Stop Date or such later date as may be agreed in writing by Bidco and STM (with the Panel's consent and as the Court may approve (if such consent and/or approval(s) is required)):

- the consent and/or approval of the Scheme by a majority in number of the Independent STM Shareholders who are present and vote, whether in person or by proxy, at the Court Meeting (or, if applicable any separate class meeting which may be required by the Court or at any adjournment of any such meeting) and who represent 75 per cent. or more in value of the Scheme Shares voted;
- the resolutions required to implement the Scheme as set out in the Notice of Extraordinary General Meeting in Part Eleven (*Notice of Extraordinary General Meeting of STM Group Plc*) of this document, being duly passed by the requisite majority at the Extraordinary General Meeting (or at any adjournment thereof). The Extraordinary General Meeting is expected to be held immediately after the Court Meeting (votes at the Extraordinary General Meeting may be cast either in person or by proxy);
- the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to STM and Bidco) and the delivery of a certified copy of the Court Order to the Companies Registry and the registration of such Court Order together with a copy of the Scheme and all documents required to be annexed thereto, by the Companies Registry;
- completion of the MBO Sale;
- satisfaction of the Regulatory Conditions; and
- the Scheme becoming effective by the Long Stop Date.

The Scheme shall lapse if:

- the Court Meeting and the Extraordinary General Meeting (and any adjournment thereof) are not held by the 22nd day after the expected date of such meetings as are set out in the Notice of Court Meeting and Notice of Extraordinary General Meeting in Part Ten (*Notice of Court Meeting*) and Part Eleven (*Notice of Extraordinary General Meeting*) respectively of this document (or such later date as may be agreed between Bidco and STM, with the Panel's consent);
- the Court Hearing to approve the Scheme is not held by the 22nd day after the expected date of such hearing as will be set out in this document (or such later date as may be agreed between Bidco and STM, with the Panel's consent); or
- the Scheme does not become effective by the Long Stop Date,

provided however that, the deadlines for the timing of the Court Meeting, the Extraordinary General Meeting and the Court Hearing to approve the Scheme as set out above may be waived by Bidco, and the deadline for the Scheme to become effective may be extended by agreement between STM and Bidco (with the Panel's consent and as the Court may approve (if such consent and/or approval is required)).

If any Condition in paragraph 2 of Part Three (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 8.00 a.m. on the business day following the date so specified, stating whether Bidco has invoked that Condition (where applicable), waived that Condition or, with the agreement of STM, specified a new date by which that Condition must be satisfied.

*The Acquisition will be conditional upon (as well as the other Conditions set out in Part Three (Conditions to the implementation of the Scheme and to the Acquisition)) regulatory approvals in Malta and Gibraltar by the relevant regulator and the tPR Condition being satisfied. The MBO Sale is conditional on approval by*



*the FCA in the UK and the Acquisition will therefore not complete until such condition has been satisfied (or, if legally permissible, waived) in accordance with the terms of the MBO Sale.*

*Bidco considers each of the Regulatory Conditions and the MBO Condition to each be of material significance to it in the context of the Acquisition. If any of the Regulatory Conditions or the MBO Condition are not satisfied, Bidco may seek to invoke the relevant condition in accordance with its terms as at the relevant date.*

STM will give adequate notice of the time and date of the Court Hearing, once known, by issuing an announcement through a Regulatory Information Service. The Scheme will only become Effective upon a certified copy of the Court Order, together with a copy of the Scheme and all documents required to be annexed thereto (if any), being delivered to the Companies Registry and the Companies Registry registering such documents on STM's file.

Upon the Scheme becoming effective, it shall be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Extraordinary General Meeting (and irrespective of whether or not they voted in favour of the resolutions at such Meetings).

Any STM Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Other GM Resolution will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any STM Shares issued after the Scheme Record Time (other than to Bidco and/or its nominees) to be automatically transferred to Bidco on the same terms as the Acquisition (other than terms as to timings and formalities). The provisions of the Articles (as amended) will prevent any person (other than Bidco and its nominees) holding shares in the capital of STM after the Effective Date. The Rule 16 Resolution will approve the MBO Sale in accordance with Rule 16 of the Code.

The Scheme will be governed by the laws of the Isle of Man and will be subject to the jurisdiction of the Courts of the Isle of Man. The Scheme will also be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA, the AIM Rules and the Companies Registry.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. Independent STM Shareholders are therefore strongly urged to complete, sign and return your Forms of Proxy (or appoint a proxy electronically) or to appoint a proxy through the CREST electronic proxy appointment service (as appropriate) as soon as possible. Doing so will not prevent you from attending and participating in the Meetings, or any adjournment thereof, if you so wish and are so entitled.**

**Further details of the Scheme and the Meetings are set out in paragraphs 2 and 4 of Part Two (*Explanatory Statement*) of this document.**

## **15. Taxation**

Your attention is drawn to paragraph 11 of Part Two (*Explanatory Statement*) of this document headed "Taxation" which contains a summary of limited aspects of the UK and Isle of Man tax treatment of the Scheme. Although this document contains certain tax-related information, if you are in any doubt about your own tax position, and in particular if you are subject to taxation in any jurisdiction other than the United Kingdom and the Isle of Man, you should consult an appropriately qualified independent professional adviser immediately.

## **16. Recommendation**

The Independent STM Directors, who have been so advised by Cavendish as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Independent STM Directors, Cavendish has taken into account the commercial assessments of the Independent STM Directors. Cavendish is providing independent financial advice to the Independent STM Directors for the purposes of Rule 3 of the Code.

Accordingly, the Independent STM Directors recommend unanimously that Independent STM Shareholders vote in favour of the Scheme at the Court Meeting and the GM Resolutions to be proposed at the Extraordinary General Meeting. Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly) has irrevocably undertaken to do the same in respect of her own entire beneficial

holdings of 492,756, STM Shares representing, in aggregate, approximately 0.83 per cent. of the STM Shares in issue on the Latest Practicable Date and approximately 0.94 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date.

#### **17. Further information**

Your attention is drawn to further information contained in Part Two (*Explanatory Statement*), Part Three (*Conditions to the Implementation of the Scheme and to the Acquisition*), Part Four (*The Scheme of Arrangement*), Part Six (*Deferred Consideration Units and Loan Notes*) and Part Eight (*Additional Information on STM and Bidco*) of this document which provide further details concerning the Scheme.

**You are advised to read the whole of this document and not just rely on the summary information contained in this letter.**

Yours faithfully,

**Nigel Birrell**

*Chair of STM Group Plc*

**PART TWO**  
**EXPLANATORY STATEMENT**

Cavendish Capital Markets Limited  
1 Bartholomew Close  
London  
EC1A 7BL

Incorporated in England and Wales  
with registered number 06198898

7 November 2023

*To the holders of STM Shares and, for information only, to persons with information rights*

Dear STM Shareholder

**RECOMMENDED ACQUISITION OF STM GROUP PLC BY BIDCO**

**1. Introduction**

On 10 October 2023, the Boards of STM and Bidco announced that they had agreed the terms of a recommended offer by Bidco to acquire the entire issued and to be issued share capital of STM. The Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement under Part X of the Companies Act. The Scheme requires, amongst other things, the approval of the Independent STM Shareholders and the sanction of the Court.

**Your attention is drawn to the letter from the Chair of STM set out in Part One of this document, which forms part of this Explanatory Statement. The letter contains, among other things: (a) information on the reasons for and benefits of the Acquisition and (b) the background to and reasons for the unanimous recommendation by the Independent STM Directors to Scheme Shareholders to vote in favour of the Scheme at the Court Meeting and the Independent STM Shareholders to vote in favour of the resolutions to be proposed at the Extraordinary General Meeting.**

**The Independent STM Directors, who have been so advised by Cavendish as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Independent STM Directors, Cavendish has taken into account the commercial assessments of the Independent STM Directors. Cavendish is providing independent financial advice to the Independent STM Directors for the purposes of Rule 3 of the Code.**

**Accordingly, the Independent STM Directors recommend unanimously that Independent STM Shareholders vote in favour of the Scheme at the Court Meeting and the GM Resolutions to be proposed at the Extraordinary General Meeting. Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly) has irrevocably undertaken to do the same in respect of her own entire beneficial holdings of 492,756 STM Shares representing, in aggregate, approximately 0.83 per cent. of the STM Shares in issue on the Latest Practicable Date and approximately 0.94 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date.**

Cavendish has been authorised by the Independent STM Directors to write to you to explain the terms of the Acquisition and the Scheme and to provide you with other relevant information. In giving its advice, Cavendish is advising the Independent STM Directors in relation to the Acquisition and is not acting for any STM Director in their personal capacity nor for any STM Shareholder in relation to the Acquisition. Cavendish will not be responsible to any such person for providing the Cavendish protections afforded to its clients or

for advising any such person in relation to the Acquisition. In particular, Cavendish does not owe any duties or responsibilities to any particular STM Shareholder concerning the Acquisition.

This Explanatory Statement contains a summary of the provisions of the Scheme. The terms of the Scheme are set out in full in Part Four (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the other parts of this document, which are deemed to form part of this Explanatory Statement, including Part One (*Letter from the Chair of STM*), the Conditions and certain further terms set out in Part Three (*Conditions to the implementation of the Scheme and to the Acquisition*), details of the Deferred Consideration Units and Loan Notes set out in Part Six (*Deferred Consideration Units and Loan Notes*) and the additional information set out in Part Eight (*Additional Information on STM and Bidco*) of this document. For overseas holders of STM Shares, your attention is drawn to Part Seven (*Additional Information for Overseas Shareholders*), which forms part of this Explanatory Statement.

## **2. Summary of the terms of the Acquisition and the Scheme**

### ***The Acquisition***

The Acquisition is being effected by way of a Court-sanctioned scheme of arrangement between STM and Scheme Shareholders under Part X of the Companies Act (although Bidco reserves the right (with the consent of the Panel) to implement the Acquisition by way of a Takeover Offer). Following the Scheme becoming Effective, the entire issued share capital of STM will be held by Bidco.

Under the terms of the Acquisition, which will be subject to the terms and conditions set out in Part Three (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document, Scheme Shareholders will be entitled to receive:

**60 pence in cash for each STM Share (“Cash Consideration”); and**

**a Deferred Consideration Unit which may deliver up to 7 pence per STM Share in cash (together with the Cash Consideration, the “Maximum Acquisition Value”)**

In certain circumstances, the Deferred Consideration Units will have zero value.

The Cash Consideration values the entire issued and to be issued ordinary share capital of STM at approximately £35.6 million and delivers 60 pence in cash per STM Share, which represents a premium of approximately:

- 118.2 per cent. to the Closing Price of 27.5 pence per STM Share on 10 July 2023, being the last business day prior to the commencement of the Offer Period;
- 130.9 per cent. to the volume weighted average price of 25.9 pence per STM Share for the one-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period; and
- 130.5 per cent. to the volume weighted average price of 26 pence per STM Share for the three-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period.

The Maximum Acquisition Value, which assumes full value is delivered by the Deferred Consideration Units, values the entire issued and to be issued ordinary share capital of STM at approximately £39.8 million and delivers up to, in aggregate, 67 pence in cash per STM Share, which represents a premium of approximately:

- 144 per cent. to the Closing Price of 27.5 pence per STM Share on 10 July 2023, being the last business day prior to the commencement of the Offer Period;
- 158 per cent. to the volume weighted average price of 25.9 pence per STM Share for the one-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period; and
- 157 per cent. to the volume weighted average price of 26 pence per STM Share for the three-month period ended on 10 July 2023, being the last business day prior to the commencement of the Offer Period.

If any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the STM Shares (in each case with a record date prior to the Effective Date), Bidco has the right to reduce the amount of the consideration payable under the Acquisition by an amount equal to the amount of such dividend and/or distribution and/or return of capital. Where the consideration is so reduced, any reference in this document to the consideration will automatically be deemed to be a reference to the consideration as so reduced by the amount of such dividend and/or distribution and/or return of capital. In such circumstances, STM Shareholders would be entitled to receive and retain any such dividend or other distribution and/or return of capital. Any reduction of the consideration shall be the subject of an announcement and, for the avoidance of doubt, not be regarded as constituting any revision or variation of the terms of the Acquisition or the Scheme.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether they attended or voted, and if they voted, whether they voted for or against the Scheme, at the Court Meeting or the Extraordinary General Meeting. Upon the Scheme becoming Effective, STM will become a wholly-owned subsidiary of Bidco.

### ***Deferred Consideration Units and Loan Notes***

Please refer to paragraph 11 of Part One (*Letter from the Chair of STM*) and Part Six (*Deferred Consideration Units and Loan Notes*) of this document for details on the Deferred Consideration Units and Loan Notes.

### ***Conditions***

The Scheme is subject to the Conditions and certain further terms set out in Part Three (*Conditions to implementation of the Scheme and to the Acquisition*) of this document and the Forms of Proxy and will only become effective if, amongst other things, the following events occur on or before the Long Stop Date or such later date as may be agreed in writing by Bidco and STM (with the Panel's consent and as the Court may approve (if such consent and/or approval(s) is required)):

- the approval of the Scheme by a majority in number of the Independent STM Shareholders who are present and vote, whether in person or by proxy, at the Court Meeting (or, if applicable any separate class meeting which may be required by the Court or at any adjournment of any such meeting) and who represent 75 per cent. or more in value of the Scheme Shares voted;
- the resolutions required to implement the Scheme as set out in the Notice of Extraordinary General Meeting in Part Eleven (*Notice of Extraordinary General Meeting of STM Group Plc*) of this document, being duly passed by the requisite majority at the Extraordinary General Meeting (or at any adjournment thereof). The Extraordinary General Meeting is expected to be held immediately after the Court Meeting (votes at the Extraordinary General Meeting may be cast either in person or by proxy);
- the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to STM and Bidco) and the delivery of a certified copy of the Court Order to the Companies Registry and the registration of such Court Order together with a copy of the Scheme and all documents required to be annexed thereto, by the Companies Registry;
- completion of the MBO Sale;
- satisfaction of the Regulatory Conditions; and
- the Scheme becoming effective by the Long Stop Date.

The Scheme shall lapse if:

- the Court Meeting and the Extraordinary General Meeting (and any adjournment thereof) are not held by the 22nd day after the expected date of such meetings as are set out in the Notice of Court Meeting and Notice of Extraordinary General Meeting in Part Ten (*Notice of Court Meeting*) and Part Eleven (*Notice of Extraordinary General Meeting*) respectively of this document (or such later date as may be agreed between Bidco and STM, with the Panel's consent);
- the Court Hearing to approve the Scheme is not held by the 22nd day after the expected date of such hearing as will be set out in this document (or such later date as may be agreed between Bidco and STM, with the Panel's consent); or
- the Scheme does not become effective by the Long Stop Date, provided however that the deadlines for the timing of the Court Meeting, the Extraordinary General Meeting and the Court Hearing to

approve the Scheme as set out above may be waived by Bidco, and the deadline for the Scheme to become effective may be extended by agreement between STM and Bidco (with the Panel's consent and as the Court may approve (if such consent and/or approval is required)).

If any Condition in paragraph 2 of Part Three (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document is not capable of being satisfied by the date specified therein, Bidco shall make an announcement through a Regulatory Information Service as soon as practicable and, in any event, by not later than 8.00 a.m. on the business day following the date so specified, stating whether Bidco has invoked that Condition (where applicable), waived that Condition or, with the agreement of STM, specified a new date by which that Condition must be satisfied.

*The Acquisition will be conditional upon (as well as the other Conditions set out in Part Three (Conditions to the implementation of the Scheme and to the Acquisition)) regulatory approvals in Malta and Gibraltar by the relevant regulator and the tPR Condition being satisfied. The MBO Sale is conditional on approval by the FCA in the UK and the Acquisition will therefore not complete until such condition has been satisfied (or, if legally permissible, waived) in accordance with the terms of the MBO Sale.*

*Bidco considers each of the Regulatory Conditions and the MBO Condition each to be of material significance to it in the context of the Acquisition. If any of the Regulatory Conditions or the MBO Condition are not satisfied, Bidco may seek to invoke the relevant condition in accordance with its terms as at the relevant date.*

STM will give adequate notice of the time and date of the Court Hearing, once known, by issuing an announcement through a Regulatory Information Service.

The Meetings and the nature of the approvals required to be given at them are described in more detail in paragraph 4 below. All Scheme Shareholders are entitled to attend the Court Hearing in person or through representatives to support or oppose the sanctioning of the Scheme.

The Scheme can only become Effective if all Conditions to the Scheme, including the requisite shareholder approvals and the sanction of the Court, have been satisfied (unless, where applicable, the relevant Condition is waived). The Scheme will become Effective upon a certified copy of the Court Order, together with a copy of the Scheme and all documents required to be annexed thereto (if any), being delivered to the Companies Registry and the Companies Registry registering such documents on STM's file. Subject to the sanction of the Scheme by the Court, this is expected to occur in second quarter of 2024. If the Scheme does not become Effective by the Long Stop Date, the Scheme will not become Effective and the Acquisition will not proceed (unless STM and Bidco otherwise agree and the Panel otherwise consents).

### **The Scheme**

It is proposed that, under the Scheme, the Scheme Shares will be transferred to Bidco (or its nominee(s)) so that the entire issued share capital of STM is held by Bidco (or its nominee(s)). Holders of Scheme Shares whose names appear on the register of STM at the Scheme Record Time, that is 6.00 p.m. on the business day immediately after the date of the Court Hearing, will receive 60 pence in cash and one Deferred Consideration Unit for each Scheme Share held by them on the basis set out in this Part Two (*Explanatory Statement*). The Scheme is set out in full in Part Four (*The Scheme of Arrangement*) of this document.

### **Amendments to STM's articles of association**

It is proposed, as part of the resolution to be proposed at the Extraordinary General Meeting relating to the Scheme, to amend STM's articles of association to ensure that any STM Shares issued between the Voting Record Time and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend STM's articles of association so that any STM Shares issued to any person other than Bidco or its nominee(s) at or after the Scheme Record Time will be automatically acquired by Bidco on the same terms as under the Scheme. This will avoid any person (other than Bidco or its nominee(s)) being left with STM Shares after dealings in such shares have ceased on AIM (which is expected to occur at 7.30 a.m. on the business day before the Effective Date). Part (B) of the resolution set out in paragraph 2 of the notice of Extraordinary General Meeting on pages 91 to 92 of this document seeks the approval of STM Shareholders for such amendment.

## **MBO Sale**

STM has entered into an agreement on 9 October 2023 for the sale of the SIPP's Companies to Pathlines, a company which is controlled by the STM CEO, Alan Kentish, for a total cash consideration of £4.5 million. Alan Kentish has personally guaranteed £4.1 million of the £4.5 million consideration payment obligations of Pathlines pursuant to the terms of the MBO SPA.

Alan Kentish is a director of STM and both he and his concert parties are interested in STM Shares. As a consequence of this and the provisions of Rule 16 of the Code, the MBO Sale will be conditional on, amongst other things, the approval of the Rule 16 Resolution at the Extraordinary General Meeting. Alan Kentish and his concert parties will be excluded from voting on the Rule 16 Resolution. Alan Kentish along with his close relatives and through his indirect holding in Clifton Participations Limited holds 7,078,900 STM Shares, representing 11.92 per cent. of STM's existing issued share capital.

STM has received binding irrevocable undertakings to vote in favour of the Rule 16 Resolution in respect of, in aggregate, a total of 14,382,566 STM Shares, representing approximately 24.21 per cent. of the STM Shares in issue on the Latest Practicable Date and approximately 27.48 per cent. of STM Shares (excluding STM Shares held by the MBO Shareholders) in issue on the Latest Practicable Date.

Further details of the MBO Sale are set out at paragraph 5 of Part One (*Letter from the Chair of STM*) of this document.

## **Offer-related arrangements**

### *Confidentiality Agreement*

Pension SuperFund Capital and STM entered into a confidentiality agreement on 14 July 2023 pursuant to which Pension SuperFund Capital has undertaken to keep confidential certain information related to the Acquisition and to STM and not to disclose it to third parties (other than authorised recipients) unless required by law or regulation. These confidentiality obligations shall remain in force until the first to occur of (a) the completion of the Acquisition by Bidco or (b) two years from the date of the Confidentiality Agreement.

## **3. Information on Pension SuperFund Capital, Bidco and STM**

Please refer to paragraphs 7 and 8 of Part One (*Letter from the Chair of STM*) of this document.

## **4. STM Meetings**

The Scheme will require the approval of the Independent STM Shareholders at the Court Meeting and for STM Shareholders to vote in favour of the Other GM Resolution relating to the Acquisition and for the Independent STM Shareholders to vote in favour of the Rule 16 Resolution, in each case, at the separate Extraordinary General Meeting. Both the Court Meeting and the Extraordinary General Meeting will be held on 6 December 2023 at 10.30 a.m. and 10.45 a.m., respectively. The Court Meeting is being held at the direction of the Court to seek the approval of Scheme Shareholders for the Scheme. The Extraordinary General Meeting is being convened to seek the approval of: (i) STM Shareholders, to enable the Independent STM Directors to implement the Scheme and to amend the articles of association of STM; and (ii) Independent STM Shareholders, to approve the MBO Sale, each as described in paragraph 2 of this Part Two (*Explanatory Statement*) above.

Notices of both the Court Meeting and the Extraordinary General Meeting are set out at Part Ten (*Notice of Court Meeting*) and Part Eleven (*Notice of Extraordinary General Meeting*) of this document. Entitlement to attend and vote at these meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of STM at the Voting Record Time.

**If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Extraordinary General Meeting (and irrespective of whether or not they voted in favour of the resolutions at such Meetings).**

STM will announce the details of the votes of the Meetings as required under the Code through a Regulatory Information Service as soon as practicable after the conclusion of the Meetings and, in any event, by no later than 8.00 a.m. on the business day following the Meetings.

Any STM Shares which Bidco or any other member of the Wider Bidco Group (or their respective nominees) may acquire before the Court Meeting are not Scheme Shares and therefore none of Bidco or any other member of the Wider Bidco Group (or their respective nominees) is entitled to vote at the Court Meeting in respect of the STM Shares held or acquired by it and will not exercise the voting rights attaching to such STM Shares at the Extraordinary General Meeting.

### ***Court Meeting***

The Court Meeting has been convened for 10.30 a.m. on 6 December 2023 to enable the Scheme Shareholders to consider and, if thought fit, approve the Scheme. At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held at the Voting Record Time. The approval required at the Court Meeting is a simple majority in number of Independent STM Shareholders present and voting in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by those Independent STM Shareholders present and voting in person or by proxy.

**At the Court Meeting, it is particularly important that as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. Independent STM Shareholders are therefore strongly urged to complete, sign and return your blue Form of Proxy (or appoint a proxy electronically) or to appoint a proxy through the CREST electronic proxy appointment service (as appropriate) as soon as possible. Doing so will not prevent you from attending and participating in the Meetings, or any adjournment thereof, if you so wish and are so entitled.**

You will find the Notice of the Court Meeting in Part Ten (*Notice of Court Meeting*) of this document.

### ***Extraordinary General Meeting***

In addition, the Extraordinary General Meeting has been convened for the same date (to be held immediately after the Court Meeting) to consider and, if thought fit, pass the Rule 16 Resolution (which requires a vote on a poll in favour of not less than a majority of the votes cast in person or by proxy) and the Other GM Resolution to implement the Acquisition (which requires a vote in favour of not less than 75 per cent. of the votes cast in person or by proxy) to approve:

- a. the authorisation of the Independent STM Directors to take all such actions as they may consider necessary or appropriate to give effect to the Scheme; and
- b. the amendment of the articles of association of STM in the manner described in paragraph 2 of this Part Two (*Explanatory Statement*) above.

The vote of the STM Shareholders and the Independent STM Shareholders (as applicable) at the Extraordinary General Meeting will be held by way of a poll. Each holder of STM Shares who is entered on STM's register of members at the Voting Record Time and is present in person or by proxy will be entitled to one vote for each STM Share so held, however, only the Independent STM Shareholders will be entitled to vote on the Rule 16 Resolution. You will find the Notice of the Extraordinary General Meeting in Part Eleven (*Notice of Extraordinary General Meeting*) of this document.

## **5. Entitlement to vote at the Meetings**

Each Independent STM Shareholder who is entered in STM's register of members at the Voting Record Time (being close of business on 4 December 2023) will be entitled to attend and vote on the Scheme at the Court Meeting. Each STM Shareholder who is entered on STM's register of members at the Voting Record Time (being close of business on 4 December 2023) will be entitled to attend and vote on the Other GM Resolution and each Independent STM Shareholder who is entered on STM's register of members at the Voting Record Time (being close of business on 4 December 2023) will be entitled to attend and vote on the Rule 16 Resolution, in each case, to be considered at the Extraordinary General Meeting. If either Meeting is adjourned, only those eligible STM Shareholders (or Scheme Shareholders, as appropriate) on the register of members at close of business on the day which is two business days before the adjourned meeting will be entitled to attend and vote. Each eligible STM Shareholder (or Scheme Shareholder, as appropriate) is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote instead of him or her. A proxy need not be an STM Shareholder. Eligible STM Shareholders who return completed Forms



of Proxy or appoint a proxy through CREST may still attend the Meetings instead of their proxies and vote in person, if they wish and are entitled to do so.

## **6. Background to and reasons for the STM Board recommendation**

Information relating to the background to and reasons for the Independent STM Directors' unanimous recommendation of the Acquisition is set out in paragraph 4 of Part One (*Letter from the Chair of STM*) of this document and information relating to Bidco's intentions with regards to the directors, management, employees, pensions, research and development and locations of STM are set out in paragraph 10 of Part One (*Letter from the Chair*) of this document.

## **7. Irrevocable undertakings**

Information relating to the irrevocable undertakings which have been received by Bidco in respect of STM Shares are set out in paragraph 6 of Part One (*Letter from the Chair of STM*) of this document and in paragraph 9 of Part Nine (*Additional information on STM and Bidco*) of this document.

## **8. Cash confirmation**

Davy, as sole financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to enable it to satisfy, in full, the Cash Consideration payable to STM Shareholders under the terms of the Acquisition.

Bidco has not been required to confirm, and has not confirmed, that resources are available to satisfy payments under the Deferred Consideration Units. It is anticipated that any payments under the Deferred Consideration Units will be funded directly from the ongoing cash flow and cash resources of STM (which will be wholly-owned by Bidco following the Effective Date). Scheme Shareholders will be at risk if, for any reason, these payment obligations were unable to be satisfied by Bidco.

## **9. The STM Directors and the effect of the Scheme on their interests**

The names of the STM Directors and details of their interests in the share capital of STM are set out in Part Eight (*Additional information on STM and Bidco*) of this document.

STM Shares held by the STM Directors will be subject to the Scheme. Particulars of the service contracts, including termination provisions and the executive bonus scheme, and letters of appointment of the STM Directors are set out in paragraph 5 of Part Nine (*Additional information on STM and Bidco*) of this document.

The effect of the Scheme on the interests of STM Directors does not differ from its effect on the like interests of any other Scheme Shareholder.

## **10. Cancellation of admission to trading and settlement**

### ***Cancellation of admission to trading***

Shortly before the Effective Date, an application will be made to the London Stock Exchange for the admission of the STM Shares to trading on AIM to be cancelled by 7.30 a.m. on the business day following the Effective Date without seeking separate approval of STM Shareholders under Rule 41 of the AIM Rules. The last day of dealings in, and for registration of transfers of, STM Shares is expected to be the business day before the Effective Date with all dealings in STM Shares suspended at 7.30 a.m. on the Effective Date. No transfers of STM Shares will be registered after this date.

It is intended that cancellation of admission to trading of STM Shares on AIM will take effect by 7.30 a.m. on the business day following the Effective Date. By 7.00 a.m. on the business day following the Effective Date, share certificates in respect of Scheme Shares will cease to be valid. In addition, entitlements to Scheme Shares held within the CREST system will be cancelled by 7.00 a.m. on the business day following the Effective Date.

## **Settlement**

Subject to the Acquisition becoming Effective (and except as provided in Part Seven (*Additional information for overseas shareholders*) of this document in relation to certain overseas STM Shareholders), settlement of the Cash Consideration and delivery of the DCU certificates to which any Scheme Shareholder on the register of members as at the Scheme Record Time is entitled under the Scheme will be effected as soon as practicable and not later than 14 days after the Effective Date in the following manner:

a. *Cash Consideration where STM Shares are held in uncertificated form (that is, in CREST)*

Where, at the Scheme Record Time, a Scheme Shareholder holds STM Shares in uncertificated form, the Cash Consideration to which such Scheme Shareholder is entitled will be transferred to such person through CREST by Bidco procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the Scheme Shareholder holds such uncertificated STM Shares in respect of the Cash Consideration due to him or her.

As from the Scheme Record Time, each holding of STM Shares credited to any stock account in CREST will be disabled and all STM Shares will be removed from CREST in due course.

Bidco reserves the right to pay all, or any part of, the Cash Consideration referred to above to all or any Scheme Shareholder(s) who hold STM Shares in uncertificated form in the manner referred to in sub-paragraph b below if, for any reason, it wishes to do so.

b. *Cash Consideration where STM Shares are held in certificated form*

Where, at the Scheme Record Time, a Scheme Shareholder holds STM Shares in certificated form, settlement of the Cash Consideration due under the Scheme in respect of the Scheme Shares will be despatched:

- (i) by first class post (or by international standard post, if overseas), by cheque drawn on a branch of a UK clearing bank; or
- (ii) by such other method as may be approved by the Panel.

All such cash payments will be made in pounds sterling. Payments made by cheque will be payable to the Scheme Shareholder(s) concerned. Cheques will be despatched not later than 14 days following the Effective Date to the person entitled to it at the address as appearing in the register of members of STM at the Scheme Record Time. None of STM, Bidco, any nominee(s) of Bidco or any of their respective agents shall be responsible for any loss or delay in the transmission of cheques sent in this way, and such cheques shall be sent at the risk of the person entitled to it.

c. *Deferred Consideration Units*

The DCUs will be issued in certificated registered form to each Scheme Shareholder as at the Scheme Record Time (other than Restricted Overseas Shareholders), and the names of such holders entered on the register of DCUs.

Certificates for the DCUs will be sent by first class post (or international standard post if overseas) as soon as practicable after the Effective Date, and, in any event, no later than 14 days thereafter to Scheme Shareholders at the address appearing in STM's register of members at the Scheme Record Time or, in the case of joint holders, to the holder whose name appears first in such register in respect of the joint holding concerned.

d. *General*

All documents and remittances sent to STM Shareholders will be sent at their own risk.

By 7.00 a.m. on the business day following the Effective Date, each certificate representing a holding of Scheme Shares will cease to be a valid document of title and should be destroyed or, at the request of STM, delivered up to STM, or to any person appointed by STM to receive the same. By 7.00 a.m. on the business day following the Effective Date, entitlements to Scheme Shares held within CREST will be cancelled.

Except with the consent of the Panel and subject to the provisions of sub-paragraph e below, settlement of the consideration to which any STM Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Bidco might otherwise be, or claim to be, entitled against such STM Shareholder.

e. *Dividends*

If any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the STM Shares (in each case with a record date prior to the Effective Date), Bidco has the right to reduce the amount of the consideration payable under the Acquisition by an amount equal to the amount of such dividend and/or distribution and/or return of capital. Where the consideration is so reduced, any reference in this document to the consideration will automatically be deemed to be a reference to the consideration as reduced by the amount of such dividend and/or distribution and/or return of capital. In such circumstances, STM Shareholders would be entitled to receive and retain any such dividend or other distribution and/or return of capital. Any reduction of the consideration shall be the subject of an announcement and, for the avoidance of doubt, not be regarded as constituting any revision or variation of the terms of the Acquisition or the Scheme.

## **11. Taxation**

### ***UK taxation***

The comments set out below summarise certain limited aspects of the UK taxation treatment of Scheme Shareholders under the Scheme and do not purport to be legal or taxation advice to any person or a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation and what is understood to be current HM Revenue and Customs (“**HMRC**”) practice, both of which are subject to change, possibly with retrospective effect.

The comments are intended only for Scheme Shareholders who are resident only in the United Kingdom for tax purposes and who hold their Scheme Shares beneficially as investments.

The comments are intended as a general guide and do not deal with certain categories of Scheme Shareholder such as those carrying on certain financial activities (including market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services), those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with STM or Bidco, charities, dealers in securities, persons who have or could be treated for tax purposes as having acquired their Scheme Shares by reason of their employment or as holding their Scheme Shares as carried interest, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies.

References below to “**UK Holders**” are to Scheme Shareholders who are resident and, in the case of individuals, domiciled or deemed domiciled for the relevant period, solely in the UK for UK tax purposes, who hold their Scheme Shares as an investment (other than under an individual savings account or self-invested personal pension plan) and who are the absolute beneficial owners of their Scheme Shares.

**IF YOU ARE IN ANY DOUBT ABOUT YOUR TAX POSITION, AND IN PARTICULAR IF YOU ARE SUBJECT TO TAXATION IN ANY JURISDICTION OTHER THAN THE UNITED KINGDOM, YOU SHOULD CONSULT AN APPROPRIATELY QUALIFIED INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.**

### *Taxation of the consideration for the disposal of the Scheme Shares*

For the purposes of capital gains tax (“**CGT**”) or corporation tax on chargeable gains (as applicable), each UK Holder will be treated as making a disposal of their Scheme Shares for an amount equal to the Cash Consideration and the additional contingent consideration payable in accordance with the terms of the DCU Deed Poll (as described further below). Such a disposal may, depending on the UK Holder’s particular circumstances (including the UK Holder’s base cost in his or her holding of Scheme Shares and the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK tax on chargeable gains or, alternatively, a capital loss.

### *Individual Scheme Shareholders*

Subject to available reliefs or allowances, gains arising on a disposal of Scheme Shares by an individual UK Holder will be subject to CGT at the rate of 20 per cent. (on the basis of rates currently applicable for the 2023/2024 tax year) except to the extent that the UK Holder is a basic rate taxpayer, in which case a 10 per cent. rate may apply).

The CGT annual exemption (£6,000 for the 2023/2024 tax year and reducing to £3,000 for the 2024/2025 tax year) may be available to individual UK Holders to offset against chargeable gains realised on the disposal of their Scheme Shares.

### *Corporate Scheme Shareholders*

Subject to available reliefs or allowances, gains arising on a disposal of Scheme Shares by a UK Holder within the charge to UK corporation tax will be taxed at the main rate of UK corporation tax, which is 25 per cent. for the 2023/2024 tax year.

For UK Holders within the charge to UK corporation tax (but which do not qualify for the substantial shareholding exemption in respect of their Scheme Shares), indexation allowance may be available to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of their Scheme Shares. However, the Finance Act 2018 limits the availability of indexation allowance for disposals on and after 1 January 2018 to any indexation allowance calculated up to 31 December 2017.

The substantial shareholding exemption may apply to exempt from corporation tax any chargeable gain (or disallow any loss) arising to UK Holders within the charge to UK corporation tax where a number of conditions are satisfied, including that the corporate UK Holder has held not less than 10 per cent. of the ordinary issued share capital of STM throughout a twelve-month period beginning not more than six years before the date of disposal.

### *Taxation of the Deferred Consideration Units*

The provisions of Part Six below set out in detail the process for the issue of the Deferred Consideration Units and when, following the DCU Conditions being satisfied, the Loan Notes will be issued under the terms of the DCU Deed Poll. The principal amount of the Loan Notes will be ascertainable as at the date of the disposal of the Scheme Shares (under the assessment process outlined in paragraph (D) of Part Six below) but not yet ascertained while the process set out in paragraph (E) of Part Six below is followed. Such consideration is treated for capital gains tax purposes as additional contingent consideration for the sale of the Scheme Shares.

As described above, a UK Holder will be treated as making a disposal of Scheme Shares in consideration for such additional contingent consideration (i.e. the principal value of the Loan Notes) and the Cash Consideration. Please see the comments above in respect of the consequences of such a disposal for a UK Holder in particular the potential liability to CGT or corporation tax on chargeable gains.

If any such liability arises, it may arise before the relevant UK Holder has received the payment of cash under the Loan Notes on the Final Redemption Date and whether or not the full principal amount is in fact received by the UK Holder under the Loan Note. No further CGT or corporation tax on chargeable gains should be payable by the relevant UK Holder on the redemption of the Loan Note for the principal value of such Loan Note.

### *UK stamp duty and stamp duty reserve tax (SDRT)*

No UK stamp duty or SDRT should be payable by Scheme Shareholders on the transfer of their Scheme Shares or on the issue of the DCUs or Loan Notes, in each case, under the Scheme.

### **Isle of Man taxation**

No Isle of Man capital gains tax or stamp duty will be payable by STM Shareholders on disposal of their STM Shares, as the Isle of Man does not levy capital gains tax or stamp duty.

STM Shareholders resident on the Isle of Man will, depending upon their particular circumstances, be liable to income tax in the Isle of Man on dividends received from STM. No Isle of Man tax will be withheld from

distributions to STM Shareholders and there are no current exchange control restrictions in the Isle of Man. STM Shareholders resident outside the Isle of Man will have no liability to Isle of Man income tax on dividends received from STM.

## 12. Overseas holders

Overseas holders of STM Shares should refer to Part Seven (*Additional information for overseas shareholders*) of this document which contains important information relevant to such holders.

## 13. Actions to be taken

### ***Actions to be taken by STM Shareholders***

The Scheme will require approval at a meeting of Scheme Shareholders convened by order of the Court to be held at the offices of STM at 5th floor, 330 High Holborn, London WC1 7QH at 10.30 a.m. on 6 December 2023. The approval required at this meeting is that those voting to approve the Scheme must:

- a. represent a simple majority in number of those Independent STM Shareholders present and voting in person or by proxy; and
- b. also represent at least 75 per cent. in value of the Scheme Shares held by those Independent STM Shareholders present and voting in person or by proxy.

The Scheme requires the sanction of the Court at the Court Hearing where Scheme Shareholders may be present and be heard in person or through representation to support or oppose the sanctioning of the Scheme.

Implementation of the Scheme will also require the passing of both the Other GM Resolution necessary to implement the Scheme and the Rule 16 Resolution, at the Extraordinary General Meeting which is to be held immediately after the Court Meeting, as described in paragraph 4 above. The Other GM Resolution will require a vote in favour of not less than 75 per cent. of the votes cast by STM Shareholders (in person or by proxy) in order to be passed and the Rule 16 Resolution will require a vote on a poll in favour of not less than a majority of the votes cast by Independent STM Shareholders (in person or by proxy) in order to be passed.

**If the Scheme becomes Effective, it will be binding on all holders of Scheme Shares irrespective of whether or not they attended or voted at the Court Meeting or the Extraordinary General Meeting (and irrespective of whether or not they voted in favour of the resolutions at such Meetings).**

### *Documents*

Please check that you have received, or can access online, the following:

- a blue Form of Proxy for use in respect of the Court Meeting on 6 December 2023;
- a yellow Form of Proxy for use in respect of the Extraordinary General Meeting on 6 December 2023; and
- a pre-paid envelope for use in the UK only for the return of the blue Form of Proxy and the yellow Form of Proxy.

If you are an STM Shareholder and you have not received hard copies of, or you have not been able to access online, all of these documents, please contact the shareholder helpline as set out below.

### *Forms of Proxy*

The blue Form of Proxy is to be used in connection with the Court Meeting and the yellow Form of Proxy is to be used in connection with the Extraordinary General Meeting. Eligible STM Shareholders are asked to complete and sign both Forms of Proxy and return them in accordance with the instructions printed on them to STM's registrars, Computershare, so as to arrive as soon as possible but in any event not less than 48 hours before the relevant meeting, excluding any part of a day that is not a business day.

If the blue Form of Proxy relating to the Court Meeting is not lodged by the relevant time, it may be handed to the Chair of the Court Meeting or to STM's registrar, Computershare, on behalf of the Chair of the Court Meeting before the start of the Court Meeting. However, in the case of the Extraordinary General Meeting, if the yellow Form of Proxy is not lodged so as to be received by the time mentioned above and in accordance with the instructions on that Form of Proxy, it will be invalid. The completion and return of either Form of Proxy will not preclude you from attending the Court Meeting or the Extraordinary General Meeting and voting if you so wish.

Proxies may also be appointed electronically by accessing the shareholder portal on Computershare's website at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions to enter your control number, SRN and PIN which can be found on your Form of Proxy. If you submit your proxy form via the shareholder portal it must reach the registrar, Computershare, no later than 10.30 a.m. on 4 December 2023 for the Court Meeting and 10.45 a.m. on 4 December 2023 for the Extraordinary General Meeting or, in the case of any adjournment, so as to be received not less than 48 hours before the time and date set for the adjourned Meeting, excluding any part of a day that is not a business day.

STM Shareholders (or Scheme Shareholders, as applicable) who hold shares through CREST and who wish to appoint a proxy or proxies for the Court Meeting and Extraordinary General Meeting or any adjournment(s) by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not less than 48 hours before the Court Meeting or the Extraordinary General Meeting, as applicable, excluding any part of a day that is not a business day. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsor or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

STM may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4)(a) of the Regulations.

**At the Court Meeting, it is particularly important that as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. Independent STM Shareholders are therefore strongly urged to complete, sign and return your blue Form of Proxy (or appoint a proxy electronically) or to appoint a proxy through the CREST electronic proxy appointment service (as appropriate) as soon as possible.**

#### *Shareholder helpline*

If you have any questions in relation to this document, the Meetings, or the completion and return of the Forms of Proxy, please telephone the shareholder helpline operated by Computershare 0370 707 4040 or on +44 370 707 4040 from outside the UK (calls to this number from outside the UK will be charged at the applicable international rate). The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday

excluding public holidays in England and Wales. Please note that Computershare cannot provide any financial, legal or tax advice nor provide any advice on the merits of the Scheme and calls may be recorded and monitored for security and training purposes.

#### **14. Further information**

The terms of the Scheme are set out in full in Part Four (*Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document, including the Conditions to the implementation of the Scheme and to the Acquisition in Part Three (*Conditions to the Implementation of the Scheme and to the Acquisition*) of this document and the Deferred Consideration Units and Loan Notes in Part Six (*Deferred Consideration Units and Loan Notes*) of this document. Further information regarding Pension SuperFund Capital, STM and Bidco is set out in Part One (*Letter from the Chair of STM*) of this document. Documents published and available for inspection are listed in paragraph 17 of Part Eight (*Additional information on STM and Bidco*) of this document.

Yours faithfully,

Matt Goode

*For and on behalf of Cavendish Capital Markets Limited*

## PART THREE

### CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION

#### Part A: Conditions to the Scheme and to the Acquisition

The Acquisition will be conditional upon the Scheme becoming unconditional and effective in accordance with its terms, subject to the Code, by not later than 11.59 p.m. (London time) on the Long Stop Date or such later date as Bidco and STM may, with the consent of the Panel, agree and (if required) the Court may allow.

1. The Scheme shall be subject to the following conditions:

1.1

- i. its approval by a majority in number of the Independent STM Shareholders who are on the register of members of STM at the Voting Record Time and who are present, entitled to vote and voting, whether in person or by proxy, at the Court Meeting and, if applicable, at any separate class meeting which may be required (or any adjournment thereof) and who represent 75 per cent. or more of the voting rights attaching to the Scheme Shares voted by those Scheme Shareholders at each such meeting; and
- ii. the Court Meeting (and, if applicable, any separate class meeting which may be required) being held on or before the 22nd day after the expected date of such meeting as set out in this document (or such later date as may be agreed by Bidco and STM, with the consent of the Panel and (if required) the Court may allow);

1.2

- i. the resolutions required to implement the Scheme as set out in the notice of the General Meeting being duly passed by STM Shareholders representing the requisite majority or majorities of the votes cast at the General Meeting (or any adjournment thereof);
- ii. the resolutions to approve the MBO Sale as set out in the notice of the General Meeting being duly passed by Independent STM Shareholders representing more than 50 per cent. of votes cast at the General Meeting (or any adjournment thereof); and
- iii. such General Meeting being held on or before the 22nd day after the expected date of such meeting as set out in this document (or such later date as may be agreed by Bidco and STM, with the consent of the Panel and (if required) the Court may allow);

1.3

- i. the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to STM and Bidco) and the delivery of a certified copy of the Court Order to the Companies Registry and registration of such Court Order together with a copy of the Scheme and all documents required to be annexed thereto, by the Companies Registry and the Companies Registry registering such documents on STM's file; and
- ii. the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing as set out in this document (or such later date as may be agreed by Bidco and STM and (if required) the Court may allow).

2. In addition, subject as stated in Part B below and to the requirements of the Panel, the Acquisition shall be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless such Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:



## **Regulatory**

- (a) the UK Pensions Regulator not having taken any action or required a third party to take any action that would result in (i) the occurrence of a triggering event within items 1, 2 or 3 of the table set out in section 21(6) of the Pensions Schemes Act 2017 (an Act of Parliament); (ii) the winding up of the Master Trust; or (iii) the STM Group ceasing to operate the Master Trust;
- (b) to the extent required in connection with the Acquisition, in respect of Bidco and each other person required to give a notice under section 111 of the FSA 2019 in connection with the acquisition of control of each member of the Wider STM Group pursuant to the Acquisition which is a regulated firm as authorised under the FSA 2019, the GFSC (i) having determined to approve such acquisition of control unconditionally having given notice pursuant to section 122(4)(a) of the FSA 2019; (ii) having determined to approve such acquisition of control subject to the fulfilment of conditions having given notice pursuant to section 122(7)(a) of the FSA 2019 (in terms which do not impose any conditions, obligations or restrictions on the Wider STM Group or the Wider Bidco Group which would materially and adversely affect the business, assets, profits or prospects of the Wider STM Group or the Wider Bidco Group); or (iii) having being treated, at the expiry of the relevant assessment period by virtue of section 122(6) of the FSA 2019, as having approved such acquisition of control. For the purposes of this sub-paragraph, "control" shall be defined and construed in accordance with the FSA 2019;
- (c) to the extent required in connection with the Acquisition, the MFSA having provided regulatory approval in writing of the Acquisition or its implementation (in terms which do not impose any conditions, obligations or restrictions on the Wider STM Group or the Wider Bidco Group which would materially and adversely affect the business, assets, profits or prospects of the Wider STM Group or the Wider Bidco Group) and all filings required for the approval of the Acquisition or its implementation by the MFSA having been made in accordance with the Retirement Pensions Act, Chapter 514 of the laws of Malta (as amended and in force from time to time) and the legislation and regulation issued thereunder;

## **MBO Sale**

- (d) completion of the MBO Sale pursuant to the terms of the MBO SPA;

## **Notifications, Waiting Periods and Authorisations**

- (e) excluding in relation to the matters referred to in Condition 2(b) to (c):
  - (i) all material filings, applications and/or material notifications which are necessary under applicable legislation or regulation, in connection with the Acquisition, of any relevant jurisdiction having been made;
  - (ii) all necessary waiting periods and other time periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated;
  - (iii) all applicable statutory or regulatory obligations in any jurisdiction having been materially complied with in each case in respect of the Acquisition or other acquisition of any shares or other securities in, or control or management of, STM or any member of the Wider STM Group by any member of the Wider Bidco Group;
  - (iv) all authorisations deemed reasonably necessary in any jurisdiction by Bidco for or in respect of the Acquisition and any other acquisition of any shares or other securities in, or control or management of, STM or any member of the Wider STM 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 STM Group or the Wider Bidco Group has entered into contractual arrangements; and
  - (v) all such authorisations reasonably necessary or appropriate to carry on the business of any member of the Wider STM Group in any jurisdiction having been obtained,

in each case, where the consequence of a failure to make such notification or filing or to wait for the expiry, lapse or termination of any such waiting or other time period or to comply with such obligation or obtain such authorisations, orders, grants, recognitions, determinations, confirmations, consents,

licences, clearances, permissions, exemptions and approvals would be unlawful in any relevant jurisdiction or have an adverse effect on the Wider STM Group, any member of the Wider Bidco Group or the ability of Bidco to implement the Acquisition; and

- (f) all such authorisations referred to in Conditions 2(e)(iv) and (v) remaining in full force and effect at the time at which the Acquisition becomes otherwise unconditional and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such authorisations at the time at which the Acquisition becomes otherwise unconditional;

### **General antitrust and regulatory**

- (g) excluding in relation to the matters referred to in Condition 2(a) to (c), no antitrust regulator or Third Party having given notice of a decision to take, institute or implement 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 to enact or make 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 or would be material in the context of the Wider STM Group 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 STM Group of all or any part of its businesses, assets or property or, impose any material limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
  - (ii) require any member of the Wider Bidco Group or the Wider STM Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider STM Group or any asset owned by any Third Party (other than in 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 to exercise effectively all or any rights of ownership in respect of shares or other securities in STM or on the ability of any member of the Wider STM 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 other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider STM Group;
  - (iv) otherwise adversely affect any or all of the business, assets, profits or prospects of any member of the Wider STM Group or any member of the Wider Bidco Group;
  - (v) result in any member of the Wider STM Group or any member of the Wider Bidco Group ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vi) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, STM 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 materially prevent or prohibit, restrict, restrain, impede, challenge or delay or otherwise or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Acquisition or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, STM by any member of the Wider Bidco Group;
  - (vii) require, prevent or materially delay a divestiture by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider STM Group or any member of the Wider Bidco Group; or
  - (viii) impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider STM 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 STM Group,

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator, or Third Party could decide to take, institute, or implement 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 the acquisition or proposed acquisition of any shares or other securities in, or control or management of, STM or any other member of the Wider STM Group by any member of the Wider Bidco Group or otherwise intervene having expired, lapsed or been terminated;

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

- (h) except as Disclosed (including in respect of the Additional Remuneration Arrangements), there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider STM Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Acquisition or the acquisition or proposed acquisition by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in STM, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider STM Group taken as a whole:
- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider STM Group 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, encumbrance or other security interest over the whole or any material part of the business, property or assets of any member of the Wider STM Group or any such mortgage, encumbrance, charge or other security interest (whenever created, arising or having arisen) becoming enforceable;
  - (iii) any material arrangement, agreement, lease, licence, franchise, permit or other instrument being terminated or any material rights, liabilities, obligations or interests of any member of the Wider STM Group being adversely modified or adversely affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
  - (iv) any liability of any member of the Wider STM Group to make any material severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;
  - (v) the interest or business of any such member of the Wider STM Group in or with any other person, firm or company (or any agreements or arrangements relating to such interest or business) being or becoming capable of being terminated or adversely modified or affected;
  - (vi) any member of the Wider STM Group, which is material in the context of the Wider STM Group taken as a whole, ceasing to be able to carry on business under any name under which it presently carries on business;
  - (vii) the value of, or the financial or trading position or prospects of, any member of the Wider STM Group being prejudiced or adversely affected;
  - (viii) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider STM Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider STM Group other than in the ordinary course of business;  
or
  - (ix) the creation or acceleration of any material liability (actual or contingent) of any member of the Wider STM Group (including any material tax liability or any obligation to obtain or acquire any material Authorisation, notice, waiver, concession, agreement or exemption from any Third Party or any person) other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider STM Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in Conditions 2(h)(i) to (ix) above, in each case to the extent material in the context of the Wider STM Group taken as a whole;

#### **Certain events occurring since 31 December 2022**

- (i) except as Disclosed, no member of the Wider STM Group having since 31 December 2022:
  - (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, STM Shares out of treasury (except, where relevant, as between STM and wholly owned subsidiaries of STM or between the wholly owned subsidiaries of STM); and except for any issue or transfer out of the employee benefit trust of STM Shares, where agreed in advance in writing by Bidco, on the exercise of employee share options or vesting of employee share awards;
  - (ii) recommended, declared, paid or made or proposed or agreed 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 STM to STM or any of its wholly owned subsidiaries;
  - (iii) other than pursuant to the Acquisition and except for transactions between STM and its wholly owned subsidiaries or between the wholly owned subsidiaries of STM, and transactions in the ordinary course of business, 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 STM Group taken as a whole;
  - (iv) other than in the ordinary course of business and except for transactions between STM and its wholly owned subsidiaries, or between the wholly owned subsidiaries of STM, disposed of, or transferred, mortgaged, encumbered or created any security interest over, any material asset or any right, title or interest in any asset or authorised, proposed or announced any intention to do so, in each case to the extent which is material in the context of the Wider STM Group taken as a whole;
  - (v) other than in the ordinary course of business and except for transactions between STM and its wholly owned subsidiaries or between the wholly owned subsidiaries of STM, 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, in each case which is material in the context of the Wider STM Group as a whole;
  - (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: (i) is of a long term, unusual or onerous nature or magnitude; or (ii) is reasonably likely to be materially restrictive on the business of any member of the Wider STM Group which in any such case is material and adverse in the context of the Wider STM Group taken as a whole;
  - (vii) entered into or varied to a material extent 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 STM Group, except for (in each case) salary increases, bonuses or variations of terms in the ordinary course of business or as a result of a promotion;
  - (viii) entered into any licence or other disposal of intellectual property rights of any member of the Wider STM Group which are material in the context of the Wider STM Group taken as a whole and outside the ordinary course of business;

- (ix) proposed, agreed to provide or modified in any material respect the terms of any incentive scheme or other benefit relating to the employment or termination of employment of any employee of the Wider STM Group and which is material in the context of the Wider STM Group when taken as a whole;
- (x) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, except in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital which is material in the context of the Wider STM Group when takes as a whole;
- (xi) except in the ordinary course of business, waived, compromised or settled any claim which is material in the context of the Wider STM Group taken as a whole;
- (xii) terminated or varied the terms of any agreement or arrangement between any member of the Wider STM Group and any other person in a manner which is materially adverse to the Wider STM Group taken as a whole;
- (xiii) except in relation to changes made or agreed as a result of, or arising from, changes to legislation, made or agreed or consented to any material change to:
  - (A) the terms of the trust deeds, rules, policy or other governing documents constituting the pension scheme(s) or other retirement or death benefit arrangement established by any member of the Wider STM Group for its directors, former directors, employees, former employees or their dependents;
  - (B) the contributions payable to any such scheme(s) or arrangement(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 or arrangements are funded, valued, made, agreed or consented to,
    - and which are materially adverse to the Wider STM Group taken as a whole;
- (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 STM Group taken as a whole;
- (xv) (other than in respect of a member of the Wider STM 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 appointed any analogous person in any jurisdiction or had any such person appointed in each case to an extent which is materially in the context of the Wider STM Group taken as a whole;
- (xvi) except for transactions between STM and its wholly owned subsidiaries or between the wholly owned subsidiaries of STM, made, authorised, proposed or announced an intention to propose any change in its loan capital which is material in the context of the Wider STM Group taken as a whole;
- (xvii) other than with the consent of Bidco, taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of STM Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;
- (xviii) other than in the ordinary course of business, entered into, implemented or authorised the entry into any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement or merger of business or corporate entities which is material in the context of the Wider STM Group taken as a whole;

- (xix) entered into any contract, transaction or arrangement which would be materially restrictive on the business of any member of the Wider STM Group or the Wider Bidco Group other than of a nature and to an extent which is normal in the context of the business concerned and which in any case is not material in the context of the Wider STM Group taken as a whole;
- (xx) except pursuant to the implementation of the Acquisition and with Bidco's prior written consent, made any alterations to its memorandum or articles of incorporation or other incorporation documents (in each case, other than in connection with the Acquisition); or
- (xxi) 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 proposed to, effect any of the transactions, matters or events referred to in this Condition 2(i);

**No adverse change, litigation or similar**

- (j) except as Disclosed, since 31 December 2022 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, financial or trading position or profits, prospects or operational performance of any member of the Wider STM Group which is material in the context of the Wider STM Group taken as a whole;
  - (ii) other than pursuant to the Acquisition, no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against (and in each case, not having been withdrawn and/or resolved) or in respect of any member of the Wider STM Group or to which any member of the Wider STM Group is or may become a party (whether as claimant, defendant or otherwise), in each case which is or might be expected to have a material adverse effect on the Wider STM Group taken as a whole;
  - (iii) no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party or other investigative body, having been threatened, announced, instituted or remaining outstanding by, against (and in each case, not having been withdrawn and/or resolved) or in respect of any member of the Wider STM Group, in each case which is material in the context of the Wider STM Group taken as a whole;
  - (iv) other than in the ordinary course of business, no contingent or other liability having arisen, materially increased or become apparent which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or operational performance of any member of the Wider STM Group to an extent which is material in the context of the Wider STM Group taken as a whole;
  - (v) no member of the Wider STM Group having conducted its business in material breach of applicable laws and regulations and which is material in the context of the Wider STM Group as a whole; and
  - (vi) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider STM Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider STM Group taken as a whole;

**No discovery of certain matters regarding information, liabilities and environmental issues**

- (k) except as Disclosed, Bidco not having discovered, in each case to an extent which is material in the context of the Wider STM Group taken as a whole, that:
  - (i) any financial, business or other information concerning the Wider STM Group publicly announced prior to the date of the Announcement is misleading, contains a misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading where the relevant information has not subsequently been corrected prior to the date of the Announcement by disclosure, either publicly or otherwise to any member of the Wider Bidco Group;

- (ii) that since 31 December 2022, any member of the Wider STM Group (or partnership, company or other entity in which any member of the Wider STM Group has a Significant Interest and which is not a subsidiary undertaking of STM) is subject to any liability, contingent or otherwise; or
- (iii) any circumstance has arisen or event has occurred in relation to any intellectual property owned or used by any member of the Wider STM Group, including (A) any member of the Wider STM Group losing its title to any intellectual property material to the Wider STM Group taken as a whole, or any intellectual property owned by the Wider STM Group and material to the Wider STM Group taken as a whole being revoked, cancelled or declared invalid; (B) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider STM Group to, or the validity or effectiveness of, any intellectual property of the Wider STM Group that is material to the Wider STM Group taken as a whole; or (C) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider STM Group, that is material to the Wider STM Group taken as a whole, being terminated or varied;

### **Anti-corruption**

- (l) except as Disclosed, Bidco not having discovered, in each case to an extent which is material in the context of the Wider STM Group taken as a whole, that:
  - (i) any member of the Wider STM Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the UK Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977, as amended, or any other applicable anti-corruption legislation applicable to the Wider STM Group;
  - (ii) any member of the Wider STM Group is ineligible to be awarded any contract or business under section 23 of the UK Public Contracts Regulations 2006 or section 26 of the UK Utilities Contracts Regulations (2006) (each as amended);
  - (iii) any past or present member, director, officer, employee, agent, consultant or designated representative of the Wider STM Group is or has engaged in any activity or business with, or made any investments in, or made any funds or assets available to or received any funds or assets from: (A) any government, entity or individual targeted by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States; or (B) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by the United States or European Union laws or regulations, including the economic sanctions administered by His Majesty's Treasury;
  - (iv) a member of the STM Group has engaged in any transaction which would cause any member of the Wider Bidco Group to be in breach of any applicable economic sanctions laws upon its acquisition of STM, including the economic sanctions of the United States Office of Foreign Assets Control or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the European Union or any of its member states; or
  - (v) any member, director, officer or employee of the Wider STM Group, or any other person for who any such person may be liable or responsible: (A) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act; (B) has engaged in conduct which would violate any relevant anti-boycott law, rule or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State; (C) has engaged in conduct which would violate any relevant laws rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or (D) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organisation or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or

## **No criminal property**

- (m) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider STM Group constitutes criminal property as defined by section 340(3) of the UK Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any applicable law, rule or regulation concerning money laundering or proceeds of crime or any member of the Wider STM Group is found to have engaged in activities constituting money laundering under any applicable law, rule or regulation concerning money laundering.

## **Part B: Certain further terms of the Acquisition**

1. To the extent permitted by law and subject to the requirements of the Panel in accordance with the Code, Bidco reserves the right in its sole discretion to waive:
  - i. the deadlines set out in any of the Conditions set out in Condition 1 of Part A above for the timing of the Court Meeting, General Meeting and the Court Hearing. If any such deadline is 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 STM to extend the deadline in relation to the relevant Condition; and
  - ii. in whole or in part, all or any of Conditions listed in Part A above, except for Conditions 1.1(i), 1.2(i) and 1.3(i) which cannot be waived.
2. Conditions 2(e) to (m) (inclusive) must each be fulfilled, determined by Bidco to be or to remain satisfied or (if capable of waiver) be waived by Bidco by no later than 11.59 p.m. on the date immediately preceding the date of the Court Hearing (or any adjournment thereof), (or such later date as Bidco, STM, the Panel and, if required, the Court may allow) failing which the Acquisition will lapse. Bidco shall be under no obligation to waive or treat as satisfied any of the Conditions that it is entitled (with the consent of the Panel) to invoke, by a date earlier than the latest date specified above for the fulfilment or waiver thereof, notwithstanding that the other Conditions 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.
3. Under Rule 13.5(a) of the Code, Bidco may only invoke a Condition to the Acquisition that is subject to Rule 13.5(a) of the Code so as to cause the Acquisition not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise. The Conditions contained in paragraph 1 of Part A of this Part 3 (*Conditions to the implementation of the Scheme and to the Acquisition*) and, if applicable, any acceptance condition if the Acquisition is implemented by means of a Takeover Offer, are not subject to this provision of the Code. Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Bidco.
4. Under Rule 13.6 of the Code, STM may not invoke, or cause or permit Bidco to invoke, a Condition unless the circumstances which give rise to the right to invoke the Condition are of material significance to STM Shareholders in the context of the Acquisition.
5. If Bidco is required by the Panel to make an offer for STM Shares under the provisions of Rule 9 of the Code, Bidco may make such alterations to any of the above Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
6. Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of Conditions 2(a) to (m) (inclusive) of Part A above by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions 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.
7. The STM Shares to be acquired under the Acquisition shall be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature and together with all rights attaching or accruing to them after the Scheme becomes effective in accordance with its terms, including, without limitation, voting rights and 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 reduction of share capital or share premium account or otherwise) made, on or after the Effective Date.

8. Subject to the terms of the Scheme, if, on or prior to the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, paid or made or becomes payable by STM in respect of the STM Shares (in each case with a record date prior to the Effective Date), (without prejudice to any right of Bidco, with the consent of the Panel, to invoke Condition 2(i)(ii) in Part A above) Bidco has the right to reduce the amount of the consideration payable under the Acquisition by an amount equal to the amount of such dividend and/or distribution and/or return of capital. Where the consideration is so reduced, the relevant eligible STM Shareholders will be entitled to receive and retain such dividend and/or distribution and/or other return of capital declared, paid or made and any reference in this document to the consideration payable under the terms of the Acquisition shall be deemed to be a reference to the consideration as so reduced.

To the extent that such a dividend and/or other distribution and/or other return of capital has been declared, paid, made or is payable, and is or shall be: (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive the dividend or distribution and to retain it; or (ii) cancelled, the consideration payable under the terms of the Acquisition shall not be subject to change in accordance with this paragraph.

Furthermore, Bidco reserves the right to reduce the consideration payable under the Acquisition in respect of the STM Shares in such circumstances as are, and by such amount as is, permitted by the Panel.

Any reduction of the consideration payable under the Acquisition 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 Acquisition.

9. Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme (subject to the Panel's consent). In such event, the Acquisition will be implemented on the same terms (subject to appropriate amendments including (without limitation) the inclusion of an acceptance condition set at more than 50 per cent. (or such other percentage as Bidco may, subject to the rules of the Code and with the consent of the Panel, decide) of the shares to which the Acquisition relates, so far as applicable) as those which would apply to the Scheme.
10. The availability of the Acquisition to persons not resident in the United Kingdom or the Isle of Man may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or the Isle of Man should inform themselves about and observe any applicable requirements.
11. The Acquisition is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail 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 jurisdiction where to do so would violate the laws of that jurisdiction.
12. The Scheme will be governed by the laws of the Isle of Man and be subject to the jurisdiction of the Court and to the Conditions and further terms set out in this document. The Acquisition will also be subject to the applicable requirements of the Companies Act, the Court, the Financial Conduct Authority, the London Stock Exchange, the Panel, the Code and the AIM Rules. This document does not constitute, or form part of, an offer or invitation to purchase STM Shares or any other securities.
13. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

**PART FOUR**  
**THE SCHEME OF ARRANGEMENT**

**IN THE HIGH COURT OF THE ISLE OF MAN**

CHP23/0098

**IN THE MATTER OF STM GROUP PLC**

and

IN THE MATTER OF THE ISLE OF MAN COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(under Part X of the Isle of Man Companies Act 2006)

between

**STM GROUP PLC**

AND

**THE HOLDERS OF THE SCHEME SHARES**

(as defined below)

**PRELIMINARY**

In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>£, Sterling or pence</b>	the lawful currency of the United Kingdom;
<b>Acquisition</b>	the recommended cash acquisition by Bidco of the entire issued and to be issued share capital of STM to be effected by means of this Scheme (and, where the context admits, any subsequent revision, variation, extension or renewal of the Scheme);
<b>Alan Kentish</b>	Alan Roy Kentish, a director and shareholder of STM;
<b>Bidco</b>	Jambo SRC Limited, registered in the United Kingdom with the registration number: 14980177;
<b>business day</b>	a day (other than a Saturday, Sunday or public or bank holiday) on which banks in the City of London or the Isle of Man are generally open for normal business;
<b>certificated form or in certificated form</b>	in relation to a Scheme Share, one which is not in uncertificated form (that is, not in CREST);
<b>close of business</b>	6.00 p.m. on the business day in question;
<b>Code</b>	the UK City Code on Takeovers and Mergers;
<b>Companies Act</b>	the Isle of Man Companies Act 2006, as amended;
<b>Companies Registry</b>	the Registrar General in its capacity as the registrar of companies pursuant to section 205 of the Companies Act;

<b>Conditions</b>	the conditions to the implementation of the Acquisition, as set out in Part Three ( <i>Conditions to the implementation of the Scheme and to the Acquisition</i> ) of the Scheme Document;
<b>Court</b>	the High Court of Justice of the Isle of Man;
<b>Court Hearing</b>	the hearing of the Court at which the Court Order will be sought;
<b>Court Meeting</b>	the meeting of Scheme Shareholders (and any adjournment of such meeting) convened with the permission of the Court pursuant to section 157 of the Companies Act for the purpose of considering and, if thought fit, approving (with or without modification) this Scheme;
<b>Court Order</b>	the order of the Court sanctioning this Scheme;
<b>CREST</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear in accordance with the relevant system (as defined in the Regulations) of which Euroclear is the Operator (as defined in the Regulations);
<b>DCU Deed Poll</b>	the deed poll constituting the Deferred Consideration Units;
<b>DCU Holder</b>	a holder of a Deferred Consideration Unit;
<b>Deferred Consideration Units or DCUs</b>	means the deferred consideration units to be issued by Bidco;
<b>Effective Date</b>	the date on which this Scheme becomes effective in accordance with its terms;
<b>Euroclear</b>	Euroclear UK & International Limited;
<b>Excluded Shares</b>	(i) any STM Shares legally or beneficially owned by Bidco, any member of the Wider Bidco Group or any of their respective members or nominees or any other person holding shares in Bidco; and (ii) any STM Shares held as treasury shares by STM (if any); and (iii) any other STM Shares which STM and Bidco agree will not be subject to the Scheme in each case at any relevant time;
<b>Extraordinary General Meeting</b>	the Extraordinary General Meeting of STM Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which is set out in the Scheme Document;
<b>holder</b>	a registered holder and includes any person(s) entitled by transmission;
<b>Latest Practicable Date</b>	6 November 2023 (being the latest practicable date before the publication of the Scheme Document);
<b>Loan Notes</b>	any Loan Notes issued pursuant to the DCU Deed Poll;
<b>MBO Sale</b>	the proposed sale of the SIPP's Companies (as that term is defined in the Scheme Document) to Pathlines Holdings Limited for a total cash consideration of £4.5 million;
<b>MBO Shareholders</b>	Alan Kentish and Clifton Participations Limited;
<b>Panel</b>	the UK Panel on Takeovers and Mergers;

<b>Registrar General</b>	the office constituted by section 4 of the Isle of Man Central Registry Act 2018 and, so far as is necessary, includes the person for the time being holding that office under section 4(2) of that Act;
<b>Regulations</b>	the Isle of Man Uncertificated Securities Regulations 2006 (Statutory Document No. 743/06);
<b>Restricted Overseas Shareholders</b>	Scheme Shareholders whose registered address is in a jurisdiction in which it is illegal to issue Deferred Consideration Units to Scheme Shareholders or for Scheme Shareholders to hold Deferred Consideration Units;
<b>Rule 16 Resolution</b>	the resolution approving the MBO Sale to be proposed at the Extraordinary General Meeting (or any adjournment thereof) in accordance with Rule 16 of the Code;
<b>Scheme</b>	this scheme of arrangement in its present form or with or subject to any modification, addition or condition which STM and Bidco each agree and which is approved or imposed by the Court;
<b>Scheme Document</b>	the circular dated 7 November 2023 sent by STM to STM Shareholders and persons with information rights, of which this Scheme forms a part;
<b>Scheme Record Time</b>	close of business on the business day immediately after the date of the Court Hearing or such later time as Bidco and STM may agree;
<b>Scheme Shareholders</b>	holders of Scheme Shares at any relevant date or time;
<b>Scheme Shares</b>	<p>the STM Shares:</p> <ul style="list-style-type: none"> <li>i. in issue at the date of the Scheme Document;</li> <li>ii. (if any) issued after the date of the Scheme Document and prior to the Voting Record Time; and</li> <li>iii. (if any) issued at or after the Voting Record Time and at or before the Scheme Record Time either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme,</li> </ul> <p>but excluding any Excluded Shares and, in the case of references to the “Scheme Shares” or “Scheme Shareholders” in the context of voting at the Court Meeting only, any STM Shares held by Alan Kentish and any person acting in concert with him (other than any director of the Company) for the purposes of the Code at the Voting Record Time. For the avoidance of doubt, any STM Shares held by the MBO Shareholders and any person acting in concert with them for the purposes of the Code shall still be subject to the terms of the Scheme;</p>
<b>Significant Interest</b>	in relation to an undertaking, a director or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined by section 548 of the UK Companies Act 2006);
<b>STM</b>	STM Group Plc, registered in the Isle of Man with the registration number: 005398V and, where the context requires, the STM Group;
<b>STM Group</b>	STM and its subsidiaries and subsidiary undertakings and, where the context permits, each of them, from time to time;

<b>STM's Receiving Agent</b>	Computershare Investor Services PLC;
<b>STM's Registrars</b>	Computershare Investor Services (Jersey) Limited;
<b>STM Shareholders</b>	the holders of STM Shares;
<b>STM Shares</b>	the existing issued and fully paid ordinary shares with a nominal value of £0.001 each in the share capital of STM;
<b>uncertificated form or in uncertificated form</b>	in relation to a Scheme Share, one which is recorded on the relevant register as being held in uncertificated form in CREST and title to which by virtue of the Regulations may be transferred by means of CREST;
<b>Voting Record Time</b>	close of business on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, close of business on the day which is two days before the date of such adjourned meeting; and
<b>Wider Bidco Group</b>	Bidco and its subsidiaries, subsidiary undertakings and associated undertakings, and any other body corporate, person or undertaking (including a joint venture, partnership, firm or company) in which Bidco and/or such undertakings (aggregating their interests) have a Significant Interest.

- a. References to times are to London time.
- b. Where the context so admits or requires, the plural includes the singular and vice versa.
- c. References to clauses, sub-clauses and paragraphs are to clauses, sub-clauses and paragraphs of this Scheme.
- d. References to clauses, sub-clauses and paragraphs are to clauses, sub-clauses and paragraphs of this Scheme.
- e. The issued share capital of STM as at the Latest Practicable Date was divided into 59,408,088 ordinary shares of £0.001 each, all of which were credited as fully paid. STM does not hold any shares in treasury.
- f. As at the Latest Practicable Date, no member of the Wider Bidco Group holds, or beneficially owns, any STM Shares.
- g. Bidco has, subject to the satisfaction or, where capable, waiver of the Conditions agreed to appear by counsel at the hearing to sanction this Scheme and to undertake to the Court to be bound by the provisions of this Scheme and to execute and do, or procure to be executed and done, all such documents, acts and things as may be necessary or desirable to be executed or done by it to give effect to this Scheme.
- h. The MBO Shareholders who, by virtue of their interest in the MBO Sale, will be excluded from voting on at the Court Meeting and on the Rule 16 Resolution, have each agreed to support the Acquisition and to be bound by the terms of the Scheme.

## **1. Transfer of Scheme Shares**

- a. Subject to the terms of the Scheme and upon and with effect from the Effective Date, Bidco and/or its nominee(s) shall acquire all the Scheme Shares fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests, and together with all rights at the Effective Date or thereafter attached to them, including (without limitation) voting rights and the right to receive and retain all dividends and other distributions (if any) declared and paid and any return of capital (whether by reduction of capital or share premium or otherwise) announced,

declared, made or paid in respect of the Scheme Shares by reference to a record date on or after the Effective Date.

- b. For the purposes of such Acquisition, the Scheme Shares shall be transferred to Bidco and/or its nominees by means of a form of transfer or other instrument or instruction of transfer or by means of CREST and, to give effect to such transfers, any person may be appointed by Bidco as attorney and/or agent and/or otherwise and is hereby authorised on behalf of the holder or holders concerned, to execute and deliver as transferor an instrument of transfer of, or give any instructions to transfer, or to procure the transfer by means of CREST of any Scheme Shares and every instrument or instruction of transfer so executed or instruction given shall be effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred. Such instrument, form or instruction of transfer shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Bidco and/or its nominee(s), together with the legal interest in such Scheme Shares, pursuant to such instruction, form or instrument of transfer, or by means of CREST.
- c. Pending the registration of Bidco or its nominee(s) as the holder of any Scheme Share to be transferred pursuant to this Scheme, Bidco shall be empowered upon and with effect from the Effective Date to appoint any person to act as attorney or, failing that, agent on behalf of each holder of any such Scheme Share in accordance with such directions as Bidco may give in relation to any dealings with or disposal of such share (or any interest in such share), exercising any rights attached to such share or receiving any distribution or other benefit accruing or payable in respect of such share and the registered holder of such Scheme Share shall exercise all rights attaching to it in accordance with the directions of Bidco but not otherwise.
- d. The authority granted pursuant to sub-clause 1b and sub-clause 1.c shall be treated for all purposes as having been granted by deed.
- e. The Company shall register, or procure the registration of, any transfer(s) of Scheme Shares effected in accordance with sub-clause 1b.

## **2. Consideration for the transfer of Scheme Shares**

- a. In consideration for the transfer of the Scheme Shares to Bidco and/or its nominee(s) referred to in sub-clause 1a, Bidco shall, subject as provided below, pay and issue (as applicable), or procure that there shall be paid and issued (as applicable), to or for the account of each Scheme Shareholder (as appearing in the register of members of STM at the Scheme Record Time):

**60 pence in cash for each Scheme Share (“Cash Consideration”); and**

**a Deferred Consideration Unit which may deliver up to 7 pence per STM Share in cash**

- b. If any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Scheme Shares (in each case with a record date prior to the Effective Date, Bidco has the right to reduce the amount of the consideration payable under the Acquisition by an amount equal to the amount of such dividend and/or distribution and/or return of capital. Where the consideration is so reduced, the Scheme Shareholders shall be entitled to receive and retain any such dividend or other distribution and/or return of capital. Any reduction of the consideration shall not be regarded as constituting any revision or variation of the terms of the Acquisition or the Scheme.

## **3. Share certificates and cancellation of CREST entitlements**

With effect from 7.00 a.m. on the business day following the Effective Date:

- a. all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised in the certificates and every holder of Scheme Shares shall be bound by the request of STM to deliver up the same to STM, or, as it may direct, to destroy the same;
- b. Euroclear shall be instructed to cancel the entitlements to Scheme Shares of holders of Scheme Shares in uncertificated form; and

- c. subject to completion of any form of transfer or other instrument or instruction of transfer as may be required in accordance with sub-clause 1.b above, appropriate entries will be made in the register of members of STM to reflect the transfer of the Scheme Shares to Bidco (and/or its nominee(s)) and STM shall comply with its obligation in sub-clause 1.e.

#### **4. Despatch of consideration**

- a. No later than 14 days after the Effective Date (or such other period as may be approved by the Panel), Bidco shall:
  - i. in the case of the Scheme Shares which at the Scheme Record Time are in certificated form, despatch, or procure the despatch of, to the persons entitled to such shares,
    - (i) electronic payments, if the relevant Scheme Shareholder has set up a standing electronic payment mandate with STM's Registrars for the purpose of receiving dividend payments; or
    - (ii) cheques, in accordance with the provisions of sub-clause 4.d, for the sums payable to them respectively in accordance with clause 2; and
  - ii. in the case of the Scheme Shares which at the Scheme Record Time are in uncertificated form, ensure that STM's Receiving Agent is instructed to create, through Euroclear, an assured payment obligation in respect of the sums payable in accordance with the CREST assured payment arrangements, provided that Bidco shall be entitled to make payment of the consideration by cheque or electronic payment as aforesaid in sub-clause 4.a.i if, for any reason, it wishes to do so.
- b. The DCUs will constitute direct unsecured obligations of Bidco and shall rank *pari passu* with one another and *pari passu* with all other unsecured obligations of Bidco. The DCUs will not represent any equity or ownership interest in Bidco, and accordingly will not confer on the DCU Holders any right to attend, speak at or vote at any meeting of the shareholders of Bidco, or right to any dividends or right to any return of capital by Bidco.
- c. The DCUs will be issued in certificated registered form to each Scheme Shareholder appearing on the register of members of STM at the Scheme Record Time. Bidco shall procure that the DCUs to which Scheme Shareholders are entitled shall be issued and certificates for the DCUs be despatched as soon as practicable after the Effective Date and, in any event, within 14 days of the Effective Date.
- d. All deliveries of cheques and/or DCU certificates required to be made pursuant to this Scheme shall be effected by sending the same by first class post (or by international standard post, if overseas) in pre-paid envelopes (or such other method approved by the Panel) addressed to the persons entitled to them at their respective registered addresses as appearing in the register of members of STM at the Scheme Record Time (or in the case of any joint holders, at the address of one of the joint holders whose name stands first in the register of members of STM in respect of such joint holding) and none of STM, Bidco or their respective agents or nominees or STM's Registrars shall be responsible for any loss or delay in the transmission of any cheques sent in accordance with this sub-clause 4.d which shall be sent at the risk of the person or persons entitled to them.
- e. All cheques shall be in Sterling and made payable to the person or persons to whom, in accordance with the foregoing provisions of this clause 4, the envelope containing the same is addressed (save that, in the case of joint holders, Bidco reserves the right to make the cheque payable to all joint holders), and the encashment of any such cheque or the making of an electronic payment shall be a complete discharge of Bidco's obligation under this Scheme to pay the monies represented thereby.
- f. In respect of payments made through CREST, Bidco shall ensure that Euroclear is instructed to create an assured payment obligation in accordance with the CREST assured payment arrangements. The creation of such an assured payment obligation shall be a complete discharge of Bidco's obligation under this Scheme with reference to the payments made through CREST.
- g. The preceding paragraphs of this clause 4 shall take effect subject to any prohibition or condition imposed by law.

## **5. Restricted Overseas Shareholders**

The provisions of clauses 2, 3 and 4 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if Bidco reasonably believes or is advised that a Scheme Shareholder is a Restricted Overseas Shareholder or the laws of any jurisdiction make it illegal for Scheme Shareholders to hold or be issued Deferred Consideration Units or Loan Notes or would require any qualification of the Deferred Consideration Units under any applicable laws or regulations, Bidco may, at its discretion, determine that the Deferred Consideration Units which would otherwise have been attributable to such Restricted Overseas Shareholder under the terms of the Acquisition and the DCU Deed Poll will be held by Bidco itself (or a nominee of Bidco) on behalf of such Restricted Overseas Shareholder. Any Loan Note and subsequent cash proceeds that may become due to the Restricted Overseas Shareholder in respect of such Deferred Consideration Units will be forwarded to the Restricted Overseas Shareholder at the same time as payment is made to the holders of the Loan Notes (subject to the terms and conditions of the Deferred Consideration Units and Loan Notes as they apply for determining such amount) (after deduction of fees and other costs and expenses).

## **6. Dividend mandates**

Each mandate relating to the payment of dividends on any Scheme Shares and other instructions given to STM by Scheme Shareholders in force at the Scheme Record Time shall, as from the Effective Date, cease to be valid.

## **7. Operation of this Scheme**

- a. This Scheme shall become effective upon a certified copy of the Court Order, together with a copy of the Scheme and all documents required to be annexed thereto (if any), being delivered to the Companies Registry and the Companies Registry registering such documents on STM's file.
- b. Unless this Scheme has become effective on or before 28 May 2024, or such later date (if any) as Bidco and STM may agree and (if required) the Panel and the Court may allow, this Scheme shall never become effective.

## **8. Modification**

STM and Bidco may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the Code.

In accordance with the Code, modifications or revisions to the Scheme may only be made: (i) more than 14 days prior to the date of the Meetings (or any later date to which such Meetings are adjourned); or (ii) at a later date, with the consent of the Panel.

## **9. Governing law**

This Scheme and all rights and obligations arising out of or in connection with it, are governed by and construed in accordance with the laws of the Isle of Man. Any dispute of any kind whatsoever arising out of or in connection with this Scheme, irrespective of the cause of action, including when based on contract or tort, shall be exclusively submitted to the courts of the Isle of Man. The rules of the Code will apply to this Scheme on the basis provided in the Code.

Dated: 7 November 2023



## PART FIVE

### FINANCIAL INFORMATION

#### 1. Bidco financial information

Bidco was incorporated on 4 July 2023. Therefore, as at the date of this document, no financial information or accounts are available for Bidco. Bidco has not traded since its date of incorporation, has paid no dividends and Bidco has not entered into any obligations, other than in connection with the Acquisition.

#### 2. STM financial information incorporated by reference

The following sets out the financial information in respect of STM as required by Rule 24.3 of the Code. The following information, which has previously been announced through a Regulatory Information Service, is incorporated by reference into this document pursuant to Rule 24.15 of the Code. The information is available in “read-only” format for printing, reviewing and downloading.

<i>Information incorporated by reference</i>	<i>Hyperlink</i>
The unaudited accounts of STM for the financial half year ended 30 June 2023	<a href="http://www.stmgroupplc.com/docs/librariesprovider45/archive/interims-2023.pdf">www.stmgroupplc.com/docs/librariesprovider45/archive/interims-2023.pdf</a>
The audited accounts of STM for the financial year ended 31 December 2022 are set out on pages 29 to 33 (inclusive) of STM’s Annual Report and Accounts 2022	<a href="https://www.stmgroupplc.com/docs/librariesprovider45/archive/annual_report/2022/2022-annual-report.pdf">https://www.stmgroupplc.com/docs/librariesprovider45/archive/annual_report/2022/2022-annual-report.pdf</a>
The audited accounts of STM for the financial year ended 31 December 2021 are set out on pages 31 to 35 (inclusive) of STM’s Annual Report and Account 2021	<a href="https://www.stmgroupplc.com/docs/librariesprovider45/archive/annual_report/2021/2021-annual-report.pdf">https://www.stmgroupplc.com/docs/librariesprovider45/archive/annual_report/2021/2021-annual-report.pdf</a>

#### 3. Hard copies

A person who has received this document may request a hard copy of any documents or information incorporated by reference into this document.

STM Shareholders may request hard copies of the above-referenced financial information by contacting Computershare Investor Services (Jersey) Limited at 13 Castle Street, St. Helier, Jersey Channel Islands, JE1 1ES or on +44 (0) 370 707 4040 between 8.30 a.m. and 5.30 p.m. (London time) Monday to Friday (public holidays excepted). Calls to this number from persons who are not resident in the UK are charged at the applicable international rate. Calls from a mobile device may incur network extras.

Save as expressly referred to in this document, hard copies of the above-referenced financial information will not be sent to recipients of this document unless specifically requested.

#### 4. No incorporation of website information

Save as expressly referred to in this document, neither the content of the STM website nor the content of any website accessible from hyperlinks on the STM website, is incorporated into, or forms part of, this document.

## PART SIX

### DEFERRED CONSIDERATION UNITS AND LOAN NOTES

#### 1. Deferred Consideration Units

##### a. *Particulars of the Deferred Consideration Units*

Under the terms of the Acquisition, Scheme Shareholders will be entitled to receive (in addition to the Cash Consideration) one Deferred Consideration Unit for each Scheme Share they hold. The Deferred Consideration Units have been constituted by a deed poll entered into by Bidco on 10 October 2023. The DCU Deed Poll is governed by English law. Subject to certain conditions having been satisfied, each Deferred Consideration Unit shall entitle its holder to one Loan Note. The principal value of each Loan Note that the DCU Holder may be entitled to ("**Loan Note Principal Value**"), and therefore the amount of cash ultimately payable to a Loan Note Holder upon redemption of their Loan Notes on the Final Redemption Date, shall be determined by way of an Assessment Process in accordance with the terms of the DCU Deed Poll.

**The Loan Note Principal Value is capped at a maximum of 7 pence per Scheme Share. If the results of the Assessment Process are such that the Loan Note Principal Value is agreed or determined to be zero, no Loan Notes will be issued, and in these circumstances the Scheme Shareholders will not receive any additional consideration under the terms of the DCU Deed Poll. In these circumstances, the value of each DCU would be zero.**

**The DCUs will not represent any equity or ownership interest in Bidco and, accordingly, will not confer on the DCU Holders any right to attend, speak at or vote at any meeting of the shareholders of Bidco, or any right to any dividends in respect of Bidco or right to any return of capital by Bidco.**

**STM Shareholders should obtain their own independent professional legal, financial and tax advice in relation to the acquisition, holding, transfer and disposal of DCUs and/or Loan Notes in the light of their own particular circumstances.**

**Davy has not been required to confirm, and nor has it confirmed, that resources are available to Bidco to satisfy payments under the Loan Notes and STM Shareholders will be at risk if, for any reason, Bidco is not in a position to meet its obligations under the DCU Deed Poll and/or the Loan Note Instrument.**

**The Panel has determined that an estimate of the value of the Deferred Consideration Units and Loan Note in accordance with Rule 24.11 of the Code is not required to be included in this document.**

##### b. *Consulting parties*

The DCU Deed Poll provides that the following parties (together, the "**Consulting Parties**") are involved in the assessment of the Loan Note Principal Value:

- (a) an individual appointed to represent the DCU Holders (the "**DCU Representative**"); and
- (b) if Bidco and the DCU Representative are unable to agree the Loan Note Principal Value in accordance with the terms of the DCU Deed Poll, an expert, jointly appointed by Bidco and the DCU Representative (the "**Independent Accountant**"), who will be a senior chartered accountant of at least ten years relevant qualified experience at an independent professional services firm, to be agreed between the parties or, in default of agreement, to be appointed by the President at the relevant time of the Institute of Chartered Accountants in England and Wales.

##### *DCU Representative*

STM will, prior to the Effective Date, appoint one individual to act as the DCU Representative, to act on behalf of the DCU Holders for the purposes of the DCU Deed Poll.

On or after the Effective Date, the DCU Holders will be entitled to remove and replace the DCU Representative with a suitably qualified individual by way of a resolution of the DCU Holders passed by the holders of at least 75 per cent. in number of the DCUs voting in person or by proxy at the relevant meeting of DCU Holders (the “**DCU Holder Majority**”).

If the DCU Representative resigns, or is incapacitated and is likely to remain so for a period of more than 10 business days, the DCU Holders may appoint a replacement DCU Representative, who must be a suitably qualified individual, and who shall be appointed by way of a resolution of the DCU Holders passed by the DCU Holder Majority voting in person or by proxy at the relevant meeting of DCU Holders.

#### *Independent Accountant*

Any determinations made by the Independent Accountant pursuant to the terms of the DCU Deed Poll shall (save in the case of manifest error) be final and binding on each of DCU and the DCU Holders for the purposes of the DCU Deed Poll.

#### *Indemnity*

The DCU Deed Poll contains an indemnity granted by Bidco to each DCU Representative under which Bidco agrees to indemnify the DCU from and against any Claims or Losses (each as defined in the DCU Deed Poll) that they may suffer as a result of the services rendered or duties performed by them under the terms of the DCU Deed Poll. The Indemnity shall not apply to the extent that:

- (a) the relevant Claims or Losses are covered by run-off cover under any STM directors’ and officers’ liability insurance policy; or
- (b) the relevant Claims or Losses are finally and judicially determined to have resulted from the fraud, wilful default or gross negligence of the DCU Representative.

#### c. **DCU Conditions**

The Loan Notes shall only become capable of being issued providing the following conditions have been satisfied in full (the “**DCU Conditions**”), following which an assessment process (as referenced below) will begin in order to determine the Loan Note Principal Value:

- (a) the UK Pensions Regulator not having taken any action or required a third party to take any action that would result in or has resulted in (i) the winding up of the Master Trust; or (ii) the Wider STM Group ceasing to operate the Master Trust, in either case, prior to the Effective Date;
- (b) satisfaction in full of Conditions 2(b) and 2(c) (as set out in Part Three (*Conditions to the implementation of the Scheme and the Acquisition* of this document) by the Effective Date;
- (c) as at the Effective Date, no Regulator having given notice, following the date of the DCU Deed Poll, of a decision to take, institute or implement 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 which would result in, or has resulted in, in each case, (i) the withdrawal or loss of any license, authorisation or regulatory approval held by the Wider STM Group as at the date of the DCU Deed Poll and which is or would be material in the context of the Wider STM Group taken as a whole; or (ii) the imposition of any fine or penalty on any member of the Wider STM Group and which is or would be material in the context of the Wider STM Group taken as a whole,

provided always that if, prior to the Effective Date, it is agreed that the Master Trust and/or its associated Wider STM Group funding entity is, with the agreement of the Master Trust trustees, to be sold, novated or otherwise transferred (“**MT Sale**”), then, DCU Condition (a) above and, solely in respect of the UK Pension Regulator with regard to DCU Condition (c) above, shall be treated as having been satisfied in full as at the date of public announcement of such MT Sale, provided that the agreement to any MT Sale is not thereafter rescinded prior to the Effective Date.

d. **Assessment process**

Subject to the DCU Conditions being met, the calculation of the Loan Note Principal Value shall be based on an assessment of change in the net attrition rate of customer numbers, which means the netting off of new customer wins against customer losses on an annualised basis across, in each case, the STM Group business during the period from 30 September 2023 until the last day of the month prior to the Effective Date. The net attrition calculation shall not take into account: (i) any customer losses caused by deaths; (ii) any customer wins and customer losses of the SIPPs Companies; and (iii) any customer wins and customer losses of the Master Trust in the event it is no longer owned by the STM Group as at the Effective Date. Bidco shall prepare and deliver to the DCU Representative the calculation of the Loan Note Principal Value for review no later than 15 business days after the Effective Date.

The principal value of each Loan Note to be issued pursuant to the Loan Note Instrument will be calculated as follows:

$$\text{LNPV} = 7 - X$$

where:

LNPV = the **Loan Note Principal Value** in pence

X = a number between 7 and 0 and calculated on a straight-line basis dependent upon the extent to which annualised net attrition rate during the calculation period falls between 5 per cent. and 10 per cent. and where, for the avoidance of doubt:

annualised net attrition during the calculation period is 5 per cent. or less, X shall equal 0;

and

annualised net attrition during the calculation period is 10 per cent. or more, X shall equal 7.

*Annualised net attrition is calculated as the net attrition during the calculation period multiplied by 12 and divided by the number of months in the calculation period.*

Within 10 business days of determination of the Loan Note Principal Value referred to above, Bidco shall issue the Loan Notes, each Loan Note being in a principal amount equal to the Loan Note Principal Value.

e. **Steps in the assessment process**

The DCU Deed Poll envisages that the assessment process will comprise the following procedures:

- (a) Bidco shall prepare its calculation of the Loan Note Principal Value (the “**STM Loan Note Principal Value Calculation**”) and deliver this to the DCU Representative for review by no later than the date that is 15 business days after the Effective Date. Bidco shall be entitled to request such information from the DCU Representative and STM as Bidco may reasonably require in order to prepare the STM Loan Note Principal Value Calculation.
- (b) The DCU Representative shall review the STM Loan Note Principal Value Calculation and, within 15 business days from receipt, if the DCU Representative does not agree with the calculation of the STM Loan Note Principal Value Calculation, then the DCU Representative shall notify Bidco (the “**Objection Notice**”) in order to attempt to resolve, in good faith, the points of disagreement (the “**Matters in Dispute**”). In the event that the Matters in Dispute are not resolved by the date which is 15 business days following the date of the Objection Notice, either party may refer such dispute to the Independent Accountant.
- (c) The procedures of the Independent Accountant will give the parties a reasonable opportunity to make written representations to them and any determination made by the Independent Accountant shall be final and binding (in the absence of clear or manifest error) on the Company and the DCU Holders for the purposes of this DCU Deed Poll.
- (d) If Bidco and the DCU Representative reach agreement on the Loan Note Principal Value, or if the Loan Note Principal Value is finally determined by the Independent Accountant, at any stage in the process set out above, the Loan Note Principal Value so agreed or determined will be the Loan Note Principal Value for the purposes of the DCU Deed Poll and any determination of the

Loan Note Principal Value pursuant to the terms of this DCU Deed Poll will be final and binding on all of the DCU Holders.

f. **Winding Up Events**

For the purpose of the DCU Deed Poll, the following shall be “**Winding Up Events**”, to the extent that any such event occurs prior to the date within 10 business days of determination of the Loan Note Principal Value, on which, subject to the terms of the DCU Deed Poll, the Company shall issue the Loan Notes (the “**Loan Note Issue Date**”):

- (a) an effective resolution is passed or an order is made for the winding up, dissolution or reorganisation of Bidco (other than: (i) a voluntary winding up for the purposes of amalgamation or reconstruction or liquidation under which a successor or successors undertake(s) the obligations of Bidco under the DCUs or (ii) a members’ voluntary winding up); or
- (b) Bidco takes any corporate action or other steps are taken or legal or other proceedings are started for the appointment of a liquidator in respect of Bidco’s assets; or
- (c) anything analogous to or having a substantially similar effect to any of the events specified above occurs under the law of any applicable jurisdiction,

provided that, any petition or action by a third party which is discharged, stayed or dismissed by a court of competent jurisdiction within 15 business days of commencement shall not constitute a Winding Up Event.

Immediately prior to the occurrence of a Winding Up Event, but subject always to the prior satisfaction of the DCU Conditions, Bidco will issue Loan Notes to the DCU Holders.

The Loan Notes to be issued by Bidco in the event of a Winding Up Event will be issued:

- (a) with a principal value of 7 pence each; and
- (b) on the basis that they shall become redeemable immediately upon the occurrence of the Winding Up Event, at which time the principal value of the Loan Notes shall be repaid to the holders of the Loan Notes so issued.

g. **Undertakings**

Bidco undertakes, among other things, on and from the Effective Date, to operate the Wider STM Group business in the ordinary course of business and not to: (i) take any action in bad faith for the purpose of circumventing the payment of, restricting the payment of, or artificially reducing the amount of, the Loan Note Principal Value to the DCU Holders; and (ii) take any action which would or would reasonably likely prevent or restrict the payment of the Loan Note Principal Value in full, save that, in each case, this will not operate to restrict or prevent any matter undertaken at the written request or with the consent of the Wider STM Group management team prior to the Effective Date.

h. **Form and status of the DCUs**

The DCUs will be issued in certificated registered form and will have no nominal or principal value. The DCUs will not be transferable and no application will be made for them to be listed or dealt in on any stock exchange.

The DCUs will constitute direct unsecured obligations of Bidco and shall rank *pari passu* with one another and *pari passu* with all other unsecured obligations of Bidco (except for those obligations as may be preferred by applicable law).

To the extent any meetings are required to determine matters amongst DCU Holders, all DCU Holders will be able to vote at such meetings on the basis of one vote per DCU Holder (on a show of hands) and one vote for every DCU held (on a poll).

Each DCU Holder shall be entitled without charge to one certificate for the DCUs held by them. Joint holders of DCUs will, however, only be entitled to one DCU certificate (provided that Bidco shall not be bound to register more than four persons as the joint holders of any DCU) and such DCU certificate

will be sent to that one of the joint holders who is first named in the DCU register. Each certificate shall be substantially in the form set out in the DCU Deed Poll and shall have the conditions of the DCU Deed Poll endorsed upon it. Bidco may issue DCU's which: (i) do not have certifications; (ii) which permit existing DCUs to be held without certificates; and (iii) permit any DCUs held without certificates to be transferred without an instrument of transfer, in each case in dematerialised form pursuant to the Regulations. Unless the Bidco Board determines otherwise, DCUs which a DCU Holder holds in uncertificated form shall be treated as separate holdings from any DCUs which that DCU Holder holds in certificated form.

The DCUs will not represent any equity or ownership interest in Bidco, and accordingly will not confer on the DCU Holders any right to attend, speak at or vote at any meeting of the shareholders of Bidco, or right to any dividends or right to any return of capital by Bidco.

## **2. Loan Notes**

### **(A) Form and status of the Loan Notes**

The Loan Notes will be governed by the laws of England and Wales, will be issued credited as fully paid and will be issued in certificated form. The Loan Notes will not be transferable and no application will be made for them to be listed or dealt in on any stock exchange.

The Loan Notes will constitute unsecured direct obligations of Bidco and shall rank *pari passu* with one another, as applicable (except for those obligations as may be preferred by applicable law).

Certificates in respect of the Loan Notes (if any) will be issued to each Loan Note Holder (other than Restricted Overseas Holders).

Loan Notes will not represent any equity or ownership interest in Bidco, and accordingly will not confer on the Loan Note Holders any right to attend, speak at or vote at any meeting of Bidco Shareholders, or any right to any dividends in respect of Bidco or right to any return of capital by Bidco.

### **(B) Issue of Loan Notes**

The Loan Notes (if any) to be issued by Bidco will be issued pursuant to the terms of the DCU Deed Poll. The Loan Note Principal Value will be determined in accordance with the terms of the DCU Deed Poll.

### **(C) Interest**

The Loan Notes will not bear interest other than in circumstances where Bidco is in default of its payment obligations under the terms of the Loan Note Instrument. In such case, Bidco will pay the Loan Note Holders interest on the principal value of the Loan Notes (less any tax which Bidco is required by law to deduct or withhold from such payment) in respect of the period from (and including) the Final Redemption Date (as defined below) until (but excluding) such date that the Loan Notes are redeemed in full by Bidco at a rate equal to 12 per cent. per annum.

### **(D) Term**

Other than as set out below, the Loan Notes will be issued on the Loan Note Issue Date with a term which shall end on the date falling 12 months after the Effective Date (the "**Final Redemption Date**").

On the Final Redemption Date, Bidco will redeem the Loan Note at par (less any tax required by law to be withheld or deducted therefrom). A Loan Note Holder may not opt to redeem his or her Loan Note in full prior to the expiry of the term.

### **(E) Redemption**

Each Loan Note Holder shall be entitled, by notice, to require all the Loan Notes by him or her to be repaid immediately by Bidco at par (subject to any requirement imposed by law to deduct or withhold tax) if:

- (a) the failure by Bidco to pay any principal moneys payable to the Loan Note Holders on the Loan Notes within 10 business days of the due date for payment;

- (b) the passing by Bidco of an effective resolution for its winding up or the making by a court of competent jurisdiction of an order for the winding up of Bidco or the appointment of a liquidator or the dissolution of Bidco otherwise than, in each case, for the purposes of an amalgamation, reorganisation, liquidation or reconstruction under which a successor or successors undertake(s) the obligations of Bidco under the Loan Notes or for the purposes of a members' voluntary winding up;
- (c) the appointment of an administrator or the making of an administration order in relation to Bidco or the appointment of a receiver over, or the taking possession of or sale by an encumbrancer of, the whole or substantially all of Bidco's assets in each case when such person has not been paid out or such person's claim has not been discharged within 20 business days of the claim being made; or
- (d) the making by Bidco of an arrangement or composition with its creditors generally or the making by Bidco of an application to a court of competent jurisdiction for protection from its creditors generally or a scheme of arrangement under the UK Companies Act 2006 (other than in the latter case for the purpose of a solvent voluntary reconstruction, amalgamation or acquisition).

Bidco shall notify the Loan Note Holders as soon as reasonably practicable of the occurrence of any of the events described in (a) to (d) above.

(F) **Transfer of Loan Notes**

The Loan Notes will not be transferable.

(G) **Substitution of principal debtor**

The Loan Note Instrument contains provisions entitling Bidco, in certain circumstances, without the consent of the Loan Note Holders, to:

- (a) substitute any member of the Wider Bidco Group of at least equivalent financial standing to Bidco as the principal debtor or debtors under the Loan Note Instrument in respect of all or any of the Loan Notes, provided that such substitution would not constitute a disposal of the Loan Notes (or any of them) by the Loan Note Holders for the purposes of United Kingdom taxation of chargeable gains; or
- (b) require all, or any, of the Loan Note Holders to exchange the Loan Notes for loan notes of the same principal value issued on the same terms *mutatis mutandis* by any other member or members of the Wider Bidco Group, provided that such exchange will fall within the provisions of section 135 of the Taxation of Chargeable Gains Act 1992.

(H) **Taxation**

Payments made under the terms of the Loan Notes will be made after deduction or withholding of any amount required by law. No additional amount shall be required to be paid by Bidco as a result of or in connection with any withholding or deduction.

(I) **Modification**

The provisions of the Loan Note Instrument and the rights of the Loan Note Holders thereunder are subject to modification, abrogation or variation by Bidco (by deed expressed to be supplemental to the Loan Note Instrument) with the sanction of a special resolution of the Loan Note Holders (being a three-quarters majority). Bidco may amend the provisions of the Loan Note Instrument without the consent or sanction of a special resolution of the Loan Note Holders if (in the opinion of the Bidco Board, acting reasonably) such amendment is of a minor or technical nature or is required to correct a manifest error and provided that no such amendment may be made which would be prejudicial to the interests of the Loan Note Holders.

A copy of the agreed form Loan Note Instrument is available free of charge on STM's website, <https://www.stmgrouplc.com/recommended-offer-for-stm-group-plc>.

## PART SEVEN

### ADDITIONAL INFORMATION FOR OVERSEAS SHAREHOLDERS

#### 1. General

This document and the accompanying Forms of Proxy have been prepared for the purposes of complying with English law, the laws of the Isle of Man, the Code and the AIM Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the UK or the Isle of Man.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Acquisition including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such Acquisition or solicitation is unlawful.

**Overseas shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme.**

#### 2. US securities laws

The Acquisition relates to the shares of a company incorporated in the Isle of Man and is being effected by means of a scheme of arrangement under the laws of the Isle of Man. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition and the Scheme are subject to the disclosure requirements and practices applicable in the Isle of Man and the United Kingdom to schemes of arrangement, which differ from the disclosure requirements of US tender offer or proxy solicitation rules. If, in the future, Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend such Takeover Offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations, and with the applicable tender offer and proxy solicitation substitution rules, including Section 14 of the US Exchange Act and Regulation 14E thereunder. Financial information included in this document has been or will be prepared in accordance with IFRS 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.

Any Deferred Consideration Units or Loan Notes issued under the Scheme have not been and will not be registered under the US Securities Act, or under any laws of any securities regulatory authority of any state of the United States and may not be offered or sold in the United States absent registration or pursuant to an exemption from the registration requirements of the US Securities Act. This document shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Deferred Consideration Units or Loan Notes (if any) in any state of the United States in which such offer, solicitation or sale would be unlawful prior to qualification under the securities laws of any such state. The Deferred Consideration Units are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. The Loan Notes (if any) issued to Deferred Consideration Units holders in exchange for such Deferred Consideration Units issued pursuant to the Scheme are expected to be issued in reliance upon the exemption from the registration requirements under the US Securities Act provided by Section 3(a)(9) thereof.

For the purpose of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) and disapplying the applicable US tender offer rules under Regulation 14E under the US Exchange Act with respect to the Scheme, the Court will be advised that its sanctioning of the Scheme will be relied on by STM as an approval of the Scheme following a hearing on its fairness to STM Shareholders, at which hearing all such Shareholders are entitled to attend in person, by authorised representative, by proxy or through counsel, to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such Shareholders. It may be difficult for US Shareholders



to enforce their rights and any claim arising out of the US federal laws, since STM and Bidco are located in a non-US jurisdiction, and some or all of their officers and directors may be residents of a non-US jurisdiction. US Shareholders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

For the purpose of disapplying the applicable US tender offer rules under Regulation 14E under the US Exchange Act with respect to the Scheme, the Court will be advised that its sanctioning of the Scheme will be relied on by STM as an approval of the Scheme following a hearing on its fairness to STM Shareholders, at which hearing all such STM Shareholders are entitled to attend in person, by authorised representative, by proxy or through counsel, to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such STM Shareholders.

The receipt of cash or Deferred Consideration Units and/or Loan Notes (if any) pursuant to the Scheme by US Shareholders as consideration for the transfer of STM 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 STM Shareholder (including US Shareholders of STM Shares) is urged to consult his or her independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to him or her.

Neither the SEC nor any securities commission of any state of the United States nor any other United States regulatory authority has approved any securities referred to in this document or the Acquisition, passed upon the fairness of the Acquisition or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Bidco or its nominees or brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, STM Shares outside the United States, other than pursuant to the Acquisition, until the date on which the Takeover Offer and/or Scheme becomes Effective, lapses or is otherwise withdrawn. These purchases or arrangements to purchase may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases or arrangements to purchase 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.

## PART EIGHT

### ADDITIONAL INFORMATION ON STM AND BIDCO

#### 1. Responsibility

- a. The STM Directors, whose names are set out in paragraph 2a below, accept responsibility for the information contained in this document (including any expressions of opinion and all information in respect of the STM Group which has been incorporated by reference into this document) except for that information for which responsibility is accepted by the Bidco Directors and/or the Pension SuperFund Capital Responsible Persons pursuant to paragraph 1b and or 1a of this Part Eight (*Additional Information on STM and Bidco*). To the best of the knowledge and belief of the STM Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- b. The Bidco Directors, whose names are set out in paragraph 2b below, accept responsibility for the information contained in this document (including any expressions of opinion) relating to Bidco, the Bidco Group, the Bidco Directors and their respective immediate families and the related trusts of and persons connected with the Bidco Directors and the persons deemed to be acting in concert (as such term is defined in the Code) with Bidco. To the best of the knowledge and belief of the Bidco Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- c. The Pension SuperFund Capital Responsible Persons, whose names are set out in paragraph 2c below, accept responsibility for the information contained in this document (including any expressions of opinion) relating to Pension SuperFund Capital. To the best of the knowledge and belief of the Pension SuperFund Capital Responsible Persons (who have taken all reasonable care to ensure that such is the case) the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- a. The STM Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
Nigel Birrell	<i>Non-Executive Chair</i>
Alan Kentish	<i>Chief Executive Officer</i>
Therese Neish	<i>Interim Chief Financial Officer</i>
Peter Smith	<i>Non-Executive Director</i>

The business address of each of the STM Directors is 1st Floor, Viking House, St Paul's Square, Ramsey, Isle of Man, IM8 1GB.

The group company secretary of STM is Alex Small.

- b. The Bidco Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
Kathryn Graham	<i>Director</i>
John Hatchard	<i>Director</i>
Lucy Pearce	<i>Director</i>
Dr Amarendra Swarup	<i>Director</i>

The registered office of Bidco is Vestry House, Laurence Pountney Hill, London, England, EC4R 0EH and the business address of each of the Bidco Directors is Vestry House, Laurence Pountney Hill, London, England, EC4R 0EH.

- c. The Pension SuperFund Capital Responsible Persons and their respective position are as follows:

<i>Name</i>	<i>Position</i>
Edmund Truell	<i>Director (Pension SuperFund Capital GP II Ltd)</i>
Roger Le Tissier	<i>Director (Pension SuperFund Capital GP II Ltd)</i>
Mark Hooton	<i>Director (Pension SuperFund Capital GP II Ltd)</i>
Christine Whitehorne	<i>Director (Pension SuperFund Capital GP II Ltd)</i>
Luke Webster	<i>Director (Pension SuperFund Capital GP II Ltd)</i>

The registered office of Pension SuperFund Capital is First Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE and the business address of the Pension SuperFund Capital Responsible Persons are First Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE.

### **3. Disclosures in respect of STM securities and Bidco securities**

- 3.1 For the purposes of this paragraph 3 and paragraphs 4 and 14 of this Part Eight (*Additional Information on STM and Bidco*) below:

- (A) **acting in concert** has the meaning given to it in the Code;
- (B) **arrangement** has the meaning given to in Note 11 to the definition of “acting in concert” set out in the Code;
- (C) **close relative** has the meaning given to it in the Code;
- (D) **dealing** has the meaning given to it in the Code;
- (E) **derivative** has the meaning given to it in the Code;
- (F) **disclosure period** means the period beginning on 11 July 2022 (being the date that is 12 months before the start of the offer period) and ending on the Latest Practicable Date;
- (G) **interest or interests** in relevant securities shall have the meaning given to it in the Code and references to interests of Bidco Directors or interests of Independent STM Directors in relevant securities shall include all interests of any other person whose interests in shares the Bidco Directors or, as the case may be, the STM Directors, are taken to be interested in pursuant to Part 22 of the UK Companies Act 2006;
- (H) **offer period** means the period starting on 11 July 2023 and ending on the Latest Practicable Date;
- (I) **relevant Bidco securities** means relevant securities (such term having the meaning given to it in the Code in relation to an offeror) of Bidco including equity share capital of Bidco (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof; and
- (J) **relevant STM securities** means relevant securities (such term having the meaning given to it in the Code in relation to an offeree) of STM including equity share capital of STM (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof.

- 3.2 Save in respect of the irrevocable undertakings referred to in paragraph 9 of this Part Eight (*Additional Information on STM and Bidco*) below, and the information in paragraph 3.3 of this Part Eight (*Additional Information on STM and Bidco*) below in respect of Alan Kentish and close family, as at the close of business on the Latest Practicable Date, neither Bidco, nor any Bidco Director, nor, so far as Bidco is aware, any person acting in concert with any of them nor any person with whom it or any person acting in concert with any of them has an arrangement has: (i) any interest in or right to subscribe for any relevant STM securities; (ii) any short positions in respect of relevant STM securities (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; or (iii) borrowed or lent any relevant STM securities (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code).

- 3.3 As at the Latest Practicable Date, the STM Directors (and their close relatives and related trusts) held the following interests in, or rights to subscribe in respect of, relevant STM securities:

**Issued share capital**

<i>Name</i>	<i>Number of STM Shares</i>
Alan Kentish and close family	7,078,900*
Therese Neish	492,756

*Note:*

- \* Clifton Participations Limited is the registered holder of 5,552,150 of these shares and such shares form part of the assets of the Perros Trust, of which the settlor is Alan Kentish, the independent trustee is Lesley Nuttall and the potential beneficiaries are Alan Kentish, his wife Louise Kentish and their immediate family.

- 3.4 As at the Latest Practicable Date, other than as disclosed in paragraph 3.3 above, no person acting in concert with STM held any interests in, or rights to subscribe in respect of, relevant STM securities.
- 3.5 As at the Latest Practicable Date, none of the STM Directors held any interests in, or rights to subscribe in respect of, Bidco securities.
- 3.6 During the offer period, neither STM, the STM Directors nor any person acting in concert with the foregoing, has dealt in Bidco securities.
- 3.7 Save as disclosed above, as at the close of business on the Latest Practicable Date, so far as STM is aware, neither any person acting in concert with it, nor any person with whom STM or any person acting in concert with STM has an arrangement has: (i) any interest in or right to subscribe for any relevant STM securities; (ii) any short positions in respect of relevant STM securities (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; or (iii) borrowed or lent any relevant STM securities (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code).

**4. Interests and Dealings – General**

- 4.1 Save as disclosed in paragraph 3 above as at the Latest Practicable Date:
- (A) no member of the Wider Bidco Group had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities nor has any member of the Wider Bidco Group dealt in any relevant STM securities during the disclosure period;
  - (B) none of the Bidco Directors had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities, nor has any such person dealt in any relevant STM securities during the disclosure period;
  - (C) so far as Bidco is aware, no person deemed to be acting in concert with Bidco had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities, nor has any such person dealt in any relevant STM securities, during the disclosure period;
  - (D) so far as Bidco is aware, no person who has an arrangement with Bidco had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities, nor has any such person dealt in any relevant STM securities during the disclosure period;
  - (E) neither Bidco nor (so far as Bidco is aware) any person acting in concert with it, has borrowed or lent any relevant STM securities, save for any borrowed shares which have been either on-lent or sold; and
  - (F) neither Bidco nor (so far as Bidco is aware) any person acting in concert with it, has borrowed or lent any relevant STM securities, save for any borrowed shares which have been either on-lent or sold.

- 4.2 Save as disclosed in paragraph 3 above, as at the Latest Practicable Date:
- (A) no member of the STM Group had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant Bidco securities nor has any such person dealt in any relevant STM securities or relevant Bidco securities during the offer period;
  - (B) none of the STM Directors had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities or relevant Bidco securities nor has any such person dealt in any relevant STM securities or relevant Bidco securities during the offer period;
  - (C) so far as STM is aware, no person deemed to be acting in concert with STM had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities, nor has any such person dealt in any relevant STM securities during the offer period;
  - (D) no person who has an arrangement with STM had any interest in, right to subscribe in respect of, or any short position under a derivative in relation to any, or had any delivery obligation or any right to require another person to take delivery of relevant STM securities, nor has any such person dealt in any relevant STM securities during the offer period; and
  - (E) neither STM, nor any person acting in concert with STM has borrowed or lent any relevant STM securities, save for any borrowed shares which have been either on-lent or sold.
- 4.3 Save as disclosed in this document, no persons have given any irrevocable or other commitment to vote in favour of the Scheme or the GM Resolutions to be proposed at the Extraordinary General Meeting.
- 4.4 Save as disclosed in this document, none of: (i) Bidco or any person acting in concert with Bidco; or (ii) STM or any person acting in concert with STM, has, in either case, any arrangement in relation to relevant securities.
- 4.5 Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Bidco or any person acting in concert with it and any of the STM Directors or the recent directors, shareholders or recent shareholders of STM having any connection with or dependence upon or which is conditional upon the Acquisition.
- 4.6 Save as disclosed in this document, there is no agreement, arrangement or understanding whereby the beneficial ownership of any STM Shares to be acquired by Bidco pursuant to the Scheme will be transferred to any other person, however Bidco reserves the right to transfer any such shares to any member of the Wider Bidco Group.
- 4.7 No relevant STM securities have been redeemed or purchased by STM during the disclosure period.

## **5. Directors' service contracts**

### **5.1 Executive Directors**

The Executive Directors have entered into service contracts with STM as summarised below.

#### *Alan Kentish*

Mr Kentish was appointed on 1 April 2016 as Chief Executive Officer, pursuant to a service agreement dated 6 April 2017. Mr Kentish's current basic annual salary is £210,331, which is subject to annual review by the Remco. The Company will reimburse any reasonable travelling and other out of pocket expenses incurred by him in the performance of his duties. The agreement contains customary obligations with respect to confidentiality, compliance with applicable law and regulation and non-solicitation obligations. Mr Kentish is entitled to 30 days annual leave per annum (in addition to Gibraltar bank and public holidays). Mr Kentish's service contract is terminable by either party by the giving of at least 12 months' written notice, save that STM may terminate Mr Kentish's contract

immediately in certain circumstances which include a material breach by him of the agreement, him becoming bankrupt or him being guilty of gross misconduct.

#### *Therese Neish*

Ms Neish was appointed as Chief Financial Officer from January 2014 to October 2021. Thereafter, she was reappointed on 3 October 2022 for a 12-month period, pursuant to a service agreement dated 22 September 2022, and currently holds the position of Interim Chief Financial Officer. Ms Neish's current basic annual salary is £215,000 and Ms Neish also receives a benefit of 5 per cent. of her salary by way of a pension contribution as from October 2022. The Company will reimburse any reasonable travelling and other out of pocket expenses incurred by her in the performance of her duties. The agreement contains customary obligations with respect to confidentiality, compliance with applicable law and regulation and non-solicitation obligations. Ms Neish's service agreement provides for a holiday entitlement of 30 days per annum (in addition to public and bank holidays). It was announced on 25 September 2023 that Ms Neish's employment as Interim Chief Financial Officer would terminate on 31 December 2023. On 3 November 2023, Therese Neish subsequently entered into an agreement whereby she will remain as Interim Chief Financial Officer and board member until the Effective Date, provided that the Effective Date is no later than the Long Stop Date (unless otherwise agreed in writing), the terms of which being materially similar to her existing contract.

## 5.2 **Non-Executive Directors**

The Non-Executive Directors have entered into letters of appointment with STM as summarised below.

#### *Nigel Birrell*

Mr Birrell was appointed as the Chair of STM on 31 August 2022 for an initial term of 3 years commencing on 1 September 2022. Mr Birrell is also Chair of the Remco. Mr Birrell receives an annual fee of £60,000 as Chair of the Board. Either party may terminate the appointment by giving the other party 3 months' written notice, save that STM may terminate Mr Birrell's appointment immediately in certain circumstances which include a material breach by him of the agreement, Mr Birrell becoming bankrupt or being guilty of any fraud or dishonesty which may bring STM into disrepute.

#### *Peter Smith*

Mr Smith was appointed on 19 January 2023 as a non-executive director for an initial term of 3 years commencing on 26 January 2023. Mr Smith receives an annual fee of £60,000 as a non-executive director for his services as Chair of the Company's Audit & Risk Committee and in his role as Chair of the Strategic Technology Review sub-committee. Either party may terminate the appointment by giving the other party 3 months' written notice save that STM may terminate Mr Smith's appointment immediately in certain circumstances which include a material breach by him of the agreement, Mr Smith becoming bankrupt or being guilty of any fraud or dishonesty which may bring STM into disrepute.

The Non-Executive Directors are also subject to customary confidentiality undertakings without limitation in time.

The Non-Executive Directors are not entitled to receive any compensation on termination of their appointment other than in respect of fees and expenses accrued to the termination date and are not entitled to participate in any share, bonus or pension schemes.

STM has Directors' and Officers' indemnity insurance in place in respect of the Non-Executive Directors.

#### *Other service contracts and letters of appointment*

Save as disclosed above, there are no service contracts between any director or proposed director of STM or any other member of the STM Group.

Save as disclosed above, none of the service contracts or letters of appointment disclosed above have been entered into or amended within the six months preceding the date of this document.

### *Other service contracts*

Save as disclosed above, there are no service contracts between any director of STM, any director of the STM Group or proposed director of the STM Group and any member of STM and save as disclosed above, no such contract has been entered into or amended within the six months preceding the date of this document.

## **6. Market quotations**

The following table shows the Closing Price for STM Shares for the first dealing day of each month from 1 February 2023 to 1 July 2023 (inclusive), for 10 July 2023 (being the last business day before the commencement of the Offer Period) and for 6 November 2023 (being the Latest Practicable Date):

<i>Date (2023)</i>	<i>STM Share price (p)</i>
1 February	26.0
1 March	27.0
3 April	28.0
2 May	28.0
1 June	25.0
3 July	25.5
10 July	27.5
6 November	55.0

## **7. Material contracts**

### **7.1 STM material contracts**

Save as disclosed below and for the offer-related arrangements described at paragraph 8 below, no member of the STM Group has, during the period beginning on 11 July 2021 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by members of the STM Group in the period beginning on 11 July 2021 and ending on the Latest Practicable Date:

#### *MBO SPA*

STM entered into a share purchase agreement on 9 October 2023 with Pathlines Holdings Limited and Alan Kentish, pursuant to which Pathlines will purchase the entire issued share capital of the SIPP's Companies, on the terms and conditions set out in the MBO SPA, for a total cash consideration of £4.5 million. The MBO SPA is conditional on:

- (a) the FCA having given notice in writing in accordance with either section 189(4) or section 189(7) of FSMA that it approves Pathlines and any other person acquiring control (within the meaning of section 181 FSMA) of each of the SIPP's Companies which is a UK authorised person (as defined in section 191(G)(1) FSMA) pursuant to the MBO SPA, or in the absence of such notice, the FCA being treated, under section 189(6) FSMA, as having approved the acquisition of control over each of the SIPP's Companies which is a UK authorised person (as defined in section 191(G)(1) FSMA) by Pathlines and any other relevant person;
- (b) the sanction of the Scheme by the Court or, in the event the Acquisition is implemented by way of a takeover offer, the offer becoming or being declared unconditional amongst other things, the sanction of the Scheme by the Court or, in the event the MBO Sale is implemented by way of a takeover offer, the offer becoming or being declared unconditional;
- (c) implementation of certain pre-completion steps (as defined in the MBO SPA); and
- (d) the approval of the Rule 16 Resolution.

The MBO SPA contains, *inter alia*, an intention between Pathlines and STM to agree a transitional services agreement and a collaboration agreement to be entered into on completion of the MBO Sale

in order to ensure the STM businesses and the SIPPs Businesses continue to operate in the ordinary course. In addition, if, in the future, Pathlines wishes to dispose of, directly or indirectly, all or any part of the SIPPs Business, STM will be afforded a right of first refusal (for a period of 3 years) to repurchase the SIPPs Businesses, subject to certain terms.

Alan Kentish, as guarantor under the MBO SPA has personally guaranteed £4.1 million of the £4.5 million consideration payment obligations of Pathlines pursuant to the terms of the MBO SPA. In connection with the MBO Sale, Clifton Participations Limited has irrevocably and unconditionally directed the Receiving Agent to pay £2.5 million of the consideration receivable by it under the Acquisition directly to STM so as to partially satisfy Pathlines' obligation to pay the purchase price to STM in connection with the MBO Sale.

Under the terms of the MBO SPA, Pathlines has agreed to procure and guarantee the redemption and repayment in full of the existing £1 million redeemable preference shares issued by London & Colonial Services Limited (one of the SIPPs Companies) to London & Colonial Holdings Limited (an entity in the Wider STM Group that is not a SIPPs Company) by 1 March 2025.

The MBO SPA contains customary short form warranties from STM and standard confidentiality provisions. The agreement also contains an undertaking from Alan Kentish that he will procure that the business of the SIPPs Companies are operated in the ordinary course of business at all times up to completion of the MBO Sale occurring ("**Completion**"). Further, subject to Completion, Pathlines shall indemnify each member of the Wider STM Group from and against all Liabilities (as defined in the MBO SPA) suffered or incurred by any member of the Wider STM Group arising out of or in connection with the SIPPs Business (in each case, whether arising prior to Completion or after Completion (and whether such Liability is past, present or future, actual, prospective, contingent or otherwise)) and undertakes to pay in immediately available funds to such member of the Wider STM Group an amount equal to any such Liability.

#### *Mercer Ltd acquisition agreement*

On 25 July 2022, STM entered into an agreement with JLT Benefit Solutions Limited, Mercer Limited, London & Colonial Holdings Limited, Options Group Services (UK) Limited, Options SSAS Limited and Options UK Personal Pensions LLP, to acquire the business known as "Premier Pensions", being the portfolio, net assets and trustee companies of the UK SIPP and SSAS businesses from JLT Benefit Solutions Limited (the "**Seller**"), an indirectly wholly-owned subsidiary of Mercer Ltd. The initial consideration of £3.34 million was subject to adjustment by reference to the working capital of the business at completion. The business was acquired as a going concern and the assets transferred included the computer software, goodwill, intellectual property rights, client and supplier contracts and the leasehold property. The employees of the business also transferred as a part of the acquisition. The agreement contains customary non-compete covenants given by the Seller for a period of two years following the date of completion of the acquisition.

The acquisition completed on 31 August 2022 and was funded from STM's existing financial resources, and the remaining available debt facility arranged with the STM Group's bank. The acquisition consideration included the purchase of the net assets of the businesses amounting to approximately £1 million, which primarily related to fees yet to be collected from clients.

## 7.2 **Bidco material contracts**

Save as disclosed below and for the offer-related arrangements described at paragraph 8 below, Bidco has not, during the period beginning on 11 July 2021 and ending on the Latest Practicable Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Bidco in the period beginning on 11 July 2021 and ending on the Latest Practicable Date:

#### *DCU Deed Poll*

A summary of the terms of the DCU Deed Poll is set out at Part Six (*Deferred Consideration Units and Loan Notes*) of this document.



### *Facilities Agreement*

Under the terms of the Facilities Agreement, NatWest as lender under the Facilities Agreement has agreed to make available to Pension SuperFund Capital as borrower (i) an acquisition facility A in an aggregate amount of £4,011,000 (the “**Acquisition Facility A**”) and (ii) an acquisition facility B in an aggregate amount of £35,831,000 (the “**Acquisition Facility B**”). In addition to Acquisition Facility A and Acquisition Facility B, the Facilities Agreement includes a term loan in an aggregate amount of £9,953,000 which has been fully drawn.

The proceeds of the Acquisition Facility A are to be applied (directly or indirectly) towards the financing or refinancing of regulatory costs and fees, advisory fees and payments in connection with the Acquisition. The proceeds of the Acquisition Facility B are to be applied pursuant to the Bidco Loan Agreement (as described below) towards financing or refinancing the payment of the purchase price of the Scheme Shares including fees, costs, taxes, duties and expenses and any other amounts incurred in connection with the Acquisition, in each case as set out in a funds flow statement which is to be delivered to NatWest prior to completing the Acquisition.

Acquisition Facility A has been fully drawn.

Acquisition Facility B is available to be drawn, subject to satisfaction of the conditions precedent set out in the Facilities Agreement, from the date of the Facilities Agreement to 11.59 p.m. London time on the last day of the Certain Funds Period (defined below).

Under the Facilities Agreement, the “**Certain Funds Period**” is defined as the period from (and including) the date of the Facilities Agreement to (and including) the earliest of:

- (a) where the Acquisition proceeds by way of a Scheme, the earlier of (i) 11.59 p.m. (London time) on the date on which the Scheme finally and conclusively lapses or is withdrawn in writing in accordance with the Code or the Scheme Document or (subject to exhausting any rights of appeal) by order of the Court (in each case unless, on or prior to that date, Pension SuperFund Capital has notified NatWest that it intends to launch a Takeover Offer or a revised Scheme); and (ii) 11.59 p.m. (London time) on the date on which STM has become wholly-owned by Bidco and all of the consideration payable under the Acquisition in respect of the Scheme Shares has been paid in full; or where the Acquisition is to be implemented pursuant to a Takeover Offer, the earlier of (i) 11.59 p.m. (London time) on the date on which the Takeover Offer finally and conclusively lapses, terminates or is withdrawn in writing in accordance with the Announcement or the Takeover Offer in each case prior to such Takeover Offer becoming or being declared unconditional in all respects; (ii) the date which is the last date within the statutory limit after Bidco becomes entitled to give a squeeze-out notice under section 160 of the UK Companies Act 2006 (or such longer period permitted by the Panel), provided that if such notice is given before that date, the Certain Funds Period continues until completion of the squeeze-out procedure; and (iii) 11.59 p.m. (London time) on the date on which Bidco owns the Scheme Shares and all of the consideration payable under the Acquisition in respect of the Scheme Shares has been paid in full; and
- (b) if the Effective Date has not occurred by such time, 11.59 p.m. (London time) on the date falling nine months after the date of the Facilities Agreement,

provided in each case that: (1) such period may be extended to such later time and date as agreed by NatWest as agent (acting on the instructions of all the lenders under the Facilities Agreement) and (2) for the avoidance of doubt, a switch from a Scheme to a Takeover Offer or from a Takeover Offer to a Scheme, any launch of a new Takeover Offer or replacement Scheme (as the case may be) or any amendments to the terms or conditions of a Scheme or Takeover Offer shall not constitute a lapse, termination or withdrawal for the purposes of the definition of the Certain Funds Period.

The termination date of the Acquisition Facility A and Acquisition Facility B is the date falling 30 months after 11 October 2023 (the “**Termination Date**”). Acquisition Facility A and Acquisition Facility B are to be repaid in instalments by repaying an amount equal to £2,000,000 to NatWest on each quarter date starting with 31 August 2024 and ending with 28 February 2026. The quarter dates are 31 August, 30 November, 28 February and 31 May. Each instalment repayment shall be applied *pro rata* in repayment of Acquisition Facility A and Acquisition Facility B. Any outstanding Acquisition Facility A or Acquisition Facility B will be repaid in full on the Termination Date. Acquisition Facility A

and Acquisition Facility B may also be voluntarily prepaid and/or cancelled at any time with 3 business days' prior notice to NatWest.

The Facilities Agreement contains customary mandatory prepayment events including illegality and change of control of Pension SuperFund Capital and Pension Superfund Capital Holdings Limited and also includes a mandatory prepayment if a Bidco Mandatory Prepayment Event occurs.

A "**Bidco Mandatory Prepayment Event**" means:

- (a) Pension SuperFund Capital or any other person acquires or holds any direct or indirect ownership interest in Bidco at any time;
- (b) following the Effective Date, (i) where the Acquisition is effected pursuant to a Takeover Offer, Bidco ceases to own and control at least the amount of issued share capital of STM acquired by Bidco pursuant to the Takeover Offer; or (ii) where the Acquisition is effected pursuant to the Scheme, Bidco ceases to own 100 per cent. of the issued share capital in STM,

in each case, excluding any shares that are allocated for any employee benefit trust, provided that such shares do not at any time represent more than 2.5 per cent. of the total amount of the shares in STM.

The Facilities Agreement contains customary representations and warranties, affirmative and negative covenants (including covenants in respect of financial indebtedness, disposals, security, distributions and shareholder loans, amendments to the Bidco Loan Agreement, acquisitions, mergers, scheme undertakings and offer undertakings), indemnities, and events of default, each with appropriate carve-outs and materiality thresholds and applicable Pension SuperFund Capital and Pension SuperFund Capital GP II and where applicable Bidco (in respect of insolvency and sanctions).

The rate of interest payable on each loan drawn under the Facilities Agreement is the aggregate of the applicable margin plus the Daily Non-Cumulative Compounded RFR Rate (subject to a zero floor). The applicable margin on each of Acquisition Facility A and Acquisition Facility B is as follows:

- (a) in respect of the period commencing on the date of the Facilities Agreement and ending on and including the date falling 22 months after the date of the Facilities Agreement, 3 per cent. per annum;
- (b) in respect of the period commencing on the date falling 22 months after the date of the Facilities Agreement and ending on and including the date falling 25 months after the date of the Facilities Agreement; 3.5 per cent. per annum;
- (c) in respect of the period commencing on the date falling 25 months after the date of the Facilities Agreement and ending on an including the date falling 28 months after the date of the Facilities Agreement, 4 per cent. per annum; and
- (d) from (and including) the date after the date falling 28 months after the date of the Facilities Agreement after the date of the Facilities Agreement, 4.5 per cent. per annum.

The "**Daily Non-Cumulative Compounded RFR Rate**" means, in relation to any RFR Banking Day during an interest period for a loan, the percentage rate per annum determined by NatWest (as agent) (or by any other finance party which agrees to determine that rate in place of NatWest (as agent)) in accordance with the methodology set out in the Facilities Agreement or in any relevant compounding methodology supplement.

The secured parties under the Facilities Agreement receive the benefit of security including (a) Guernsey law security over the entire issued share capital of Pension SuperFund Capital GP II; (b) Guernsey law security over the limited partner interest of Pension Superfund Capital Holdings Limited in Pension SuperFund Capital GP II; (c) Guernsey law security over intercompany loans between Pension Superfund Capital Holdings Limited and Pension SuperFund Capital GP II; (d) Guernsey law security granted by Pension SuperFund Capital over its accounts; (e) English law security granted in the form of a debenture over the assets in Pension SuperFund Capital including the proceeds of receivables under the Bidco Loan; (f) Guernsey law security granted by Pension SuperFund Capital GP II over its accounts, receivables under intercompany loans to Pension SuperFund Capital; and (g) and English

law assignment over rights under investment advisory agreements and cash management agreements between Pension SuperFund Capital GP II and Bidco.

#### *Bidco Loan Agreement*

Pension SuperFund Capital as lender entered into a loan agreement with Bidco as borrower dated 9 October 2023 (the “**Bidco Loan Agreement**”) whereby Pension SuperFund Capital agreed to make available to Bidco a loan in an aggregate amount of £35,645,000 for the purposes of making the Acquisition (the “**Bidco Loan**”).

The Bidco Loan is available to be drawn, subject to satisfaction of the conditions precedent set out in the Bidco Loan Agreement, from the date of the Bidco Loan Agreement until 11.59 p.m. (London time) on the date falling 9 months from the date of the Bidco Loan Agreement (or such later date as agreed in writing between Pension SuperFund Capital and Bidco).

The maturity date of the Bidco Loan is 27 July 2032 (the “**Maturity Date**”). The Bidco Loan is required to be repaid in full on the Maturity Date unless Pension SuperFund Capital agrees with Bidco that the Bidco Loan can be repaid by transferring the shares held by Bidco in STM to Pension SuperFund Capital.

The Bidco Loan Agreement includes customary representations and warranties, affirmative and negative covenants which mirror the covenants provided in the Facilities Agreement and are applicable to Bidco and its subsidiaries.

The interest is payable on the Bidco Loan at the end of each interest period in an amount equal to 97 per cent. of the cash receipts received or generated by Bidco during the applicable interest period after deducting tax incurred and required to be paid by Bidco, including in connection with the payment of such interest to Pension SuperFund Capital (as reasonably determined by Bidco, on the basis of existing rates and taking account of any available credit, deduction or allowance).

## **8. Offer-related arrangements**

### ***Arrangements between Bidco and STM***

#### *Confidentiality Agreement*

Pension SuperFund Capital and STM entered into a confidentiality agreement on 14 July 2023 pursuant to which Pension SuperFund Capital has undertaken to keep confidential certain information related to the Acquisition and to STM and not to disclose it to third parties (other than authorised recipients) unless required by law or regulation. These confidentiality obligations shall remain in force until the first to occur of (a) the completion of the Acquisition by Bidco or (b) two years from the date of the Confidentiality Agreement.

## **9. Irrevocable undertakings**

### **9.1 *Independent STM Director irrevocable undertakings***

Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly) has given an irrevocable undertaking to vote (or procure the voting, as applicable) in favour of the Scheme at the Court Meeting and the GM Resolutions at the Extraordinary General Meeting in respect of her beneficial holdings of STM Shares.

<i>Name of STM Director</i>	<i>Number of STM Shares in respect of which undertaking is given</i>	<i>Percentage of STM issued share capital (excluding STM Shares held in treasury) at the Latest Practicable Date (%)</i>
Therese Neish	492,756	0.83
<b>Total</b>	<u>492,756</u>	<u>0.83</u>

The irrevocable undertakings will cease to be binding if the Acquisition lapses or is withdrawn in accordance with its terms, without having become wholly unconditional, provided that this shall not apply where; (i) a new, revised or replacement Scheme has been announced, in accordance with Rule 2.7 of the Code, in its place; or (ii) Bidco has publicly confirmed that it intends to proceed with the Acquisition or to implement the Acquisition by way of a takeover offer in each case within 10 business days of such lapse or withdrawal; or (iii) the Scheme has not become effective by 11.59 p.m. on the Long Stop Date (or such later time and/or date as agreed between Bidco and STM, with the approval of the Court and/or the Panel if required), other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of a Takeover Offer.

## 9.2 **Independent STM Shareholder irrevocable undertakings**

Each of the following Independent STM Shareholders has given irrevocable undertakings which include undertakings to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the GM Resolutions at the Extraordinary General Meeting, or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure the acceptance of such Takeover Offer, in respect of their beneficial holdings of the following STM Shares:

<i>Independent STM Shareholder</i>	<i>Number of STM Shares in respect of which undertaken is given</i>	<i>Percentage of STM issued share capital (excluding STM Shares held in treasury) at the Latest Practicable Date (%)</i>
Timothy Reville (held by Septer Limited)	6,450,000	10.86
Peter Gyllenhammar (held by HSBC Global Custody Nominee UK Ltd)	5,900,000	9.93
Elizabeth Plummer (held by JIM Nominees Limited)	1,539,810	2.59
<b>Total</b>	<u>13,889,810</u>	<u>23.38</u>

The irrevocable undertakings will cease to be binding if the Acquisition lapses or is withdrawn in accordance with its terms, without having become wholly unconditional, provided that this shall not apply where; (i) a new, revised or replacement Scheme has been announced, in accordance with Rule 2.7 of the Code, in its place; or (ii) Bidco has publicly confirmed that it intends to proceed with the Acquisition or to implement the Acquisition by way of a takeover offer in each case within 10 business days of such lapse or withdrawal; or (iii) the Scheme has not become effective by 11.59 p.m. on the Long Stop Date (or such later time and/or date as agreed between Bidco and STM, with the approval of the Court and/or the Panel if required), other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of a Takeover Offer.

## 9.3 **Alan Kentish and Clifton Participations Limited irrevocable undertakings**

Each of Alan Kentish and Clifton Participations Limited has given irrevocable undertakings to vote (or procure the voting, as applicable) in favour of the Other GM Resolution at the Extraordinary General Meeting in respect of their beneficial holdings of STM Shares.

<i>STM Shareholder</i>	<i>Number of STM Shares in respect of which undertaken is given</i>	<i>Percentage of STM issued share capital (excluding STM Shares held in treasury) at the Latest Practicable Date</i>
Alan Kentish and close family	1,526,750	2.57
Clifton Participations Limited	5,552,150	9.35
<b>Total</b>	<u>7,078,900</u>	<u>11.92</u>

Note:

- \* The shares in Clifton Participations Limited form part of the assets of the Perros Trust, of which the settlor is Alan Kentish, the independent trustee is Lesley Nuttall and the potential beneficiaries are Alan Kentish, his wife Louise Kentish and their immediate family.

The irrevocable undertakings will cease to be binding if the Acquisition lapses or is withdrawn in accordance with its terms, without having become wholly unconditional, provided that this shall not apply where; (i) a new, revised or replacement Scheme has been announced, in accordance with Rule 2.7 of the Code, in its place; or (ii) Bidco has publicly confirmed that it intends to proceed with the Acquisition or to implement the Acquisition by way of a takeover offer in each case within 10 business days of such lapse or withdrawal; or (iii) the Scheme has not become effective by 11.59 p.m. on the Long Stop Date (or such later time and/or date as agreed between Bidco and STM, with the approval of the Court and/or the Panel if required), other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of a Takeover Offer.

## 10. Offer-related fees and expenses

### 10.1 Wider Bidco Group fees and expenses

The aggregate fees and expenses expected to be incurred by the Wider Bidco Group in connection with the Acquisition (excluding any applicable VAT) are expected to be:

<i>Category</i>	<i>Amount (£)</i>
Financing arrangements	0.8 million
Financial and corporate broking advice	1.0 million
Legal advice	2.0 million
Accounting and tax advice	0.0
Public relations advice	0.0
Other professional services (including, for example, management consultants, actuaries and specialist valuers)	0.1 million
<b>Total</b>	<b>3.9 million</b>

### 10.2 STM fees and expenses

The aggregate fees and expenses expected to be incurred by STM in connection with the Acquisition (excluding any applicable VAT) are expected to be approximately:

<i>Category</i>	<i>Amount (£)</i>
Financial and corporate broking advice	0.8 million
Legal advice	0.5 million
Accounting advice	0.0
Public relations advice	0.0
Other professional services (including, for example, management consultants, actuaries and specialist valuers)	0.06 million
Other costs and expenses	0.05 million
<b>Total</b>	<b>1.41 million</b>

## 11. Financing arrangements relating to Bidco

The Cash Consideration payable by Bidco under the terms of the Acquisition will be funded from a loan from PSF Capital Reserve L.P. (acting by its general partner Pension SuperFund Capital GP II Limited) to Bidco. The source of funding of such loan advanced by PSF Capital Reserve L.P. (acting by its general partner Pension SuperFund Capital GP II Limited) to Bidco will be the proceeds of a loan provided to PSF Capital Reserve L.P. (acting by its general partner Pension SuperFund Capital GP II Limited) by NatWest under the Facilities Agreement.

## 12. Ratings

No ratings agency has publicly accorded STM with any current credit rating or outlook. No ratings agency has publicly accorded Bidco with any current credit rating or outlook.

## 13. Cash confirmation

Davy, as sole financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco to enable it to satisfy, in full, the Cash Consideration payable to STM Shareholders under the terms of the Acquisition.

Bidco has not been required to confirm, and has not confirmed, that resources are available to satisfy payments under the Deferred Consideration Units. It is anticipated that any payments under the Deferred Consideration Units will be funded directly from the ongoing cash flow and cash resources of STM (which will be wholly-owned by Bidco following the Effective Date). Scheme Shareholders will be at risk if, for any reason, these payment obligations were unable to be satisfied by Bidco.

## 14. Persons acting in concert

14.1 In addition to Bidco, the Bidco Directors (together with their close relatives and related trusts) and the members of the Wider Bidco Group (including Bidco's holding companies and their subsidiaries) the persons who, for the purposes of the Code, are acting in concert with Bidco in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with Bidco</i>
Davy Capital Markets UK	Donegall House, 7 Donegall Square North, Belfast, BT1 5GB, Northern Ireland	Financial adviser
PSF Capital Reserve L.P. (acting by its general partner Pension SuperFund Capital GP II Limited)	First Floor, 10 Lefebvre Street, St Peter Port, Guernsey, GY1 2PE	Funder
Alan Kentish and close family	–	MBO Shareholder
Clifton Participations Limited	Sovereign Place, 117 Main Street Gibraltar	MBO Shareholder

14.2 In addition to the STM Directors, but excluding Alan Kentish and Clifton Participations Limited, (together with their close relatives and related trusts) and the members of the STM Group (including STM's holding companies and their subsidiaries), the persons who, for the purposes of the Code, are acting in concert with STM in respect of the Acquisition and who are required to be disclosed are:

<i>Name</i>	<i>Registered Office</i>	<i>Relationship with STM</i>
Cavendish Capital Markets Limited	1 Bartholomew Close, London, EC1A 7BL	Financial adviser, broker and Rule 3 Adviser

## 15. No significant change

Save to the extent disclosed in this document, there has been no significant change in the financial or trading position of STM since 30 June 2023, being the date to which the unaudited accounts of STM for the financial half year ended 30 June 2023 were prepared.

## 16. Consent

16.1 Cavendish has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

16.2 Davy has given and not withdrawn its written consent to the issue of this document with the inclusion of references to its name in the form and context in which they are included.

## **17. Documents published on a website**

Copies of the following documents are available for view on STM's website at <https://www.stmgroupplc.com/recommended-offer-for-stm-group-plc> (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) up to and including the Effective Date or the date the Scheme lapses or is withdrawn, whichever is earlier:

- 17.1 this document;
- 17.2 the Forms of Proxy;
- 17.3 the MBO SPA;
- 17.4 the DCU Deed Poll;
- 17.5 the Loan Note Instrument;
- 17.6 the Announcement;
- 17.7 the articles of association for each of STM and Bidco;
- 17.8 STM's articles of association as proposed to be amended by the Other GM Resolution;
- 17.9 the financial information relating to STM referred to in Part Five (*Financial information*) of this document;
- 17.10 the irrevocable undertakings referred to in paragraph 9 above;
- 17.11 the Confidentiality Agreement; and
- 17.12 the written consents referred to in paragraph 16 above.

The contents of STM's website, nor those of any other website accessible from hyperlinks on STM's website, are incorporated into or form part of this document.

## **18. Sources of information and bases of calculation**

- 18.1 As at the Latest Practicable Date, there were 59,408,088 STM Shares in issue; and no shares held in treasury.
- 18.2 Unless otherwise stated, financial information relating to STM has been extracted or derived (without adjustment) from the audited consolidated financial statements of STM for the financial year ended 31 December 2022.
- 18.3 Any references to the issued and to be issued ordinary share capital of STM or fully diluted share capital will be 59,408,088 in total, which is based on the number of STM Shares in issue as referred to in paragraph 18.1 above.
- 18.4 The value of the Acquisition is calculated based on the total issued and to be issued STM Shares as set out in paragraph 18.3 above.
- 18.5 Unless otherwise stated, all prices, closing prices and volume average weighted share prices for STM Shares are derived from FactSet.

## PART NINE

### DEFINITIONS

<b>Acquisition</b>	the proposed direct or indirect acquisition by Bidco of the entire issued and to be issued ordinary share capital of STM, to be effected by means of the Scheme (or by way of the Takeover Offer under certain circumstances described in this document), and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
<b>AIM</b>	the AIM market of the London Stock Exchange;
<b>AIM Rules</b>	the AIM Rules for Companies published by the London Stock Exchange;
<b>Alan Kentish</b>	Alan Roy Kentish, a director and shareholder of STM;
<b>Announcement</b>	the announcement of Bidco's firm intention to make an offer for the entire issued and to be issued share capital of STM pursuant to Rule 2.7 of the Code made by STM and Bidco on 10 October 2023;
<b>Articles</b>	the articles of association of STM from time to time;
<b>Assessment Process</b>	the process by which the Loan Note Principal Value is determined, as set out in the DCU Deed Poll and as summarised in Part Six ( <i>Deferred Consideration Units and Loan Notes</i> ) of this document;
<b>Authorisations</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals;
<b>Bidco</b>	Jambo SRC Limited, registered in the United Kingdom with the registration number: 14980177;
<b>Bidco Board</b> or <b>Bidco Directors</b>	the persons whose names are set out in paragraph 2 in Part Eight ( <i>Additional Information on STM and Bidco</i> ) of this document or, where the context so requires, the board of directors of Bidco from time to time and " <b>Bidco Director</b> " shall mean any one of them;
<b>Board</b>	as the context requires, the board of directors of STM or the board of directors of Bidco and the terms " <b>STM Board</b> " and " <b>Bidco Board</b> " shall be construed accordingly;
<b>business day</b>	any day (other than a Saturday, Sunday or public or bank holiday) on which banks in the City of London or the Isle of Man are generally open for normal business;
<b>Cash Consideration</b>	the cash amount of 60 pence payable by Bidco under the Acquisition in respect of each STM Share, as may be adjusted in accordance with the terms of the Acquisition as set out in this document;
<b>Cavendish</b>	Cavendish Capital Markets Limited;
<b>certificated</b> or <b>in certificated form</b>	a share or other security which is not in uncertificated form (that is, not in CREST);
<b>close of business</b>	6.00 p.m. (London time) on the business day in question;



<b>Closing Price</b>	the closing middle market quotation for an STM Share on a particular dealing day as derived from FactSet;
<b>Code</b>	the UK City Code on Takeovers and Mergers;
<b>Companies Act</b>	the Isle of Man Companies Act 2006, as amended;
<b>Companies Registry</b>	the Registrar General in its capacity as the registrar of companies pursuant to section 205 of the Companies Act;
<b>Conditions</b>	the conditions to the implementation of the Acquisition, as set out in Part Three ( <i>Conditions to the implementation of the Scheme and to the Acquisition</i> ) of this document and “ <b>Condition</b> ” means any of them;
<b>Confidentiality Agreement</b>	the confidentiality agreement entered into between Pension SuperFund Capital and STM dated 14 July 2023, as described in paragraph of Part Two ( <i>Explanatory Statement</i> ) of this document;
<b>Court</b>	the High Court of Justice of the Isle of Man;
<b>Court Hearing</b>	the hearing of the Court to sanction the Scheme;
<b>Court Meeting</b>	the meeting or meetings of the Scheme Shareholders to be convened pursuant to an order of the Court pursuant to section 157 of the Companies Act, notice of which is set out in Part Ten ( <i>Notice of Court Meeting</i> ) of this document, for the purpose of considering and, if thought fit, approving the Scheme, including any adjournment or reconvening thereof;
<b>Court Order</b>	the order of the Court sanctioning the Scheme;
<b>CREST</b>	the relevant system (as defined in the Regulations in respect of which Euroclear is the Operator (as defined in the Regulations)) in accordance with which securities may be held and transferred in uncertificated form;
<b>Davy</b>	Davy Capital Markets UK;
<b>DCU Conditions</b>	as defined in paragraph 11 of Part One ( <i>Letter from the Chair of STM</i> ) of this document;
<b>DCU Deed Poll</b>	the deed poll constituting the Deferred Consideration Units;
<b>DCU Holder</b>	a holder of a Deferred Consideration Unit;
<b>dealing day</b>	day on which dealing in domestic securities may take place on, and with the authority of, the London Stock Exchange;
<b>Dealing Disclosure</b>	has the same meaning as in Rule 8 of the Code;
<b>Deferred Consideration Units or DCUs</b>	means the deferred consideration units to be issued by Bidco;
<b>Disclosed</b>	the information disclosed by or on behalf of STM: (i) in the annual report of the STM Group for the year to 31 December 2022; (ii) in this document; (iii) in any other announcement to a Regulatory Information Service by or on behalf of STM prior to the publication of this document; or (iv) to Bidco (or its respective officers, employees, agents or advisers) prior to the date of this document (including but not limited to all matters fairly disclosed in the written

replies, correspondence, documentation and information provided in an electronic data room created by or on behalf of STM or sent to Pension SuperFund Capital or any of its respective advisers during the due diligence process in connection with the Acquisition and whether or not in response to any specific request for information made by any such person);

<b>disclosure period</b>	the period commencing on 11 July 2022 (being the date that is 12 months before the start of the Offer Period) and ending on the Latest Practicable Date;
<b>Effective Date</b>	(i) the date on which the Scheme becomes effective in accordance with its terms; or (ii) if Bidco elects to implement the Acquisition by way of a Takeover Offer, the date on which such Takeover Offer becomes or is declared unconditional in accordance with the requirements of the Code and “Effective” shall be construed accordingly;
<b>Enlarged Group</b>	the enlarged group following the Acquisition comprising STM and its subsidiaries (excluding the SIPP’s Companies), and the Wider Bidco Group;
<b>Euroclear</b>	Euroclear UK & International Limited;
<b>Executive Directors</b>	means Alan Kentish and Therese Neish;
<b>Excluded Shares</b>	(i) any STM Shares legally or beneficially owned by Bidco, any member of the Wider Bidco Group or any of their respective members or nominees or any other person holding shares in Bidco; and (ii) any STM Shares held as treasury shares by STM; and (iii) any other STM Shares which STM and Bidco agree will not be subject to the Scheme in each case at any relevant time;
<b>Explanatory Statement</b>	the explanatory statement relating to the Scheme, as set out in this document;
<b>Extraordinary General Meeting</b>	the Extraordinary General Meeting of STM Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which is set out in Part Eleven ( <i>Notice of Extraordinary General Meeting</i> ) of this document;
<b>Facilities Agreement</b>	a facilities agreement originally dated 11 August 2023 (as amended and restated on 9 October 2023) between, amongst others, PSF Capital Reserve L.P. (as borrower), Pension SuperFund Capital GP II Limited (as the borrower GP) and NatWest;
<b>FCA</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000 (as amended) (an Act of Parliament) or any successor or regulatory body;
<b>Form(s) of Proxy</b>	the forms of proxy in connection with each of the Court Meeting and the General Meeting, which accompany this document;
<b>FSA 2019</b>	Financial Services Act 2019 (as amended and in force in Gibraltar from time to time);
<b>GFSC</b>	Gibraltar Financial Services Commission (or its successor body or bodies from time to time);

<b>GM Resolutions</b>	together, the Rule 16 Resolution and the Other GM Resolution;
<b>holder</b>	a registered holder and includes any person entitled by transmission;
<b>IFRS</b>	International Financial Reporting Standards;
<b>Independent STM Directors</b>	the directors of STM, excluding Alan Kentish;
<b>Independent STM Shareholders</b>	the STM Shareholders, excluding the MBO Shareholders and any person acting in concert with them (other than any director of the Company) for the purposes of the Code;
<b>Latest Practicable Date</b>	6 November 2023 (being the latest practicable date before the publication of this Scheme Document);
<b>Loan Notes</b>	any Loan Notes issued pursuant to the DCU Deed Poll and Loan Note Instrument;
<b>Loan Note Instrument</b>	the deed poll constituting the Loan Notes to be made by Bidco in certain circumstances following determination of the Loan Note Principal Value;
<b>Loan Note Payment Date</b>	means the date that is 12 months after the Effective Date;
<b>Loan Note Principal Value</b>	has the meaning given in paragraph 1 of Part Six ( <i>Deferred Consideration Units and Loan Notes</i> ) of this document;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Long Stop Date</b>	28 May 2024 or such later date as may be agreed in writing by Bidco and STM (with the Panel's consent and as the Court may approve (to the extent such approval/consent is required));
<b>Market Abuse Regulation</b>	the UK version of the EU Market Abuse Regulation (596/2014) which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018;
<b>Master Trust</b>	the Options Workplace Pensions Trust established by a trust deed dated 18 October 2012 and governed by the rules scheduled to that trust deed (as subsequently amended);
<b>Maximum Acquisition Value</b>	means the Cash Consideration and up to 7 pence per share in cash which may be delivered under the Deferred Consideration Units;
<b>MBO Condition</b>	Condition 2(d) of Part 3 ( <i>Conditions to the implementation of the Scheme and to the Acquisition</i> ) of this Scheme Document;
<b>MBO Sale</b>	the proposed sale of the SIPP's Companies to Pathlines Holdings Limited for a total cash consideration of £4.5 million;
<b>MBO Shareholders</b>	Alan Kentish and Clifton Participations Limited;
<b>MBO SPA</b>	a sale and purchase agreement dated 9 October 2023 between the Company, Pathlines Holdings Limited and Alan Kentish in connection with the MBO Sale;
<b>Meetings</b>	the Court Meeting and the Extraordinary General Meeting, and " <b>Meeting</b> " means either of them;
<b>MFSA</b>	Malta Financial Services Authority (or its successor body or bodies from time to time);

<b>NatWest</b>	National Westminster Bank plc;
<b>Non-Executive Directors</b>	each of Nigel Birrell and Peter Smith;
<b>Offer Period</b>	the offer period (as defined by the Code) relating to STM, which commenced on 11 July 2023;
<b>Opening Position Disclosure</b>	has the same meaning as in Rule 8 of the Code;
<b>Other GM Resolution</b>	the resolution proposed to be passed at the Extraordinary General Meeting in connection with the alteration of the Articles and such other matters as may be necessary to implement the Scheme and the MBO Sale;
<b>Overseas Shareholders</b>	STM Shareholders (or nominees of, or custodians or trustees for STM Shareholders) not resident in, or nationals or citizens of, the United Kingdom or the Isle of Man;
<b>Panel</b>	the UK Panel on Takeovers and Mergers;
<b>Pathlines Holdings Limited or Pathlines</b>	a company registered in England & Wales under company number 15156320 which is controlled by Alan Kentish, the STM CEO;
<b>Pension SuperFund Capital</b>	PSF Capital Reserve L.P.;
<b>Receiving Agent</b>	means Computershare Investor Services PLC acting as receiving agent to the Company for the purposes of the Acquisition;
<b>Registrar General</b>	the office constituted by section 4 of the Isle of Man Central Registry Act 2018 and, so far as is necessary, includes the person for the time being holding that office under section 4(2) of that Act;
<b>Regulations</b>	the Isle of Man Uncertificated Securities Regulations 2006 (Statutory Document No. 743/06);
<b>Regulator</b>	means each of any relevant central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, court, trade agency, association, institution, environmental body, employee representative body or any other similar body or person whatsoever in any jurisdiction, including without limitation the UK Pensions Regulator;
<b>Regulatory Conditions</b>	Conditions 2(a) to (c) as set out in in Part Three ( <i>Conditions to the implementation of the Scheme and to the Acquisition</i> ) of this Scheme Document;
<b>Regulatory Information Service</b>	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;
<b>Remco</b>	the Remuneration Committee of STM;
<b>Restricted Jurisdiction</b>	any jurisdiction into which, or from which, making the Acquisition available would violate the laws of that jurisdiction;
<b>Restricted Overseas Shareholders</b>	Scheme Shareholders whose registered address is in a jurisdiction in which it is illegal to issue Deferred Consideration Units to Scheme Shareholders or for Scheme Shareholders to hold Deferred Consideration Units;

<b>Rule 16 Resolution</b>	the resolution approving the MBO Sale to be proposed at the Extraordinary General Meeting (or any adjournment thereof) in accordance with Rule 16 of the Code;
<b>Scheme</b>	the proposed scheme of arrangement under Part X of the Companies Act between STM and the Scheme Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by STM and Bidco;
<b>Scheme Document</b>	this circular dated 7 November 2023 to be sent to STM Shareholders containing, amongst other things, the full terms and conditions of the Scheme, and the notices convening the Court Meeting and the General Meeting;
<b>Scheme Record Time</b>	6.00 p.m. on the business day immediately prior to the Effective Date;
<b>Scheme Shareholders</b>	holders of Scheme Shares at any relevant date or time;
<b>Scheme Shares</b>	<p>STM Shares:</p> <ul style="list-style-type: none"> <li>(a) in issue as at the date of this document;</li> <li>(b) (if any) issued after the date of this document and prior to the Voting Record Time; and</li> <li>(c) (if any) issued at or after the Voting Record Time and at or before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by the Scheme or in respect of which the holders thereof shall have agreed in writing to be bound by the Scheme,</li> </ul> <p>but excluding any Excluded Shares and, in the case of references to the “Scheme Shares” or “Scheme Shareholders” in the context of voting at the Court Meeting only, any STM Shares held by Alan Kentish and any person acting in concert with him for the purposes of the Code at the Voting Record Time. For the avoidance of doubt, any STM Shares held by the MBO Shareholders and any person acting in concert with them for the purposes of the Code shall still be subject to the terms of the Scheme;</p>
<b>SEC</b>	US Securities and Exchange Commission;
<b>Significant Interest</b>	in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of the total voting rights conferred by the equity share capital of such undertaking;
<b>SIPPs Business</b>	the business of (i) establishing, operating and winding up personal pension schemes, (ii) providing administration and marketing services in relation to personal pension schemes, and (iii) providing trustee services in relation to personal pension schemes, in each case as carried on by the STM Group;
<b>SIPPs Companies</b>	the SIPPs Target Companies and the SIPPs Subsidiaries;
<b>SIPPs Subsidiaries</b>	means (i) Options Group Services UK Limited, the 70 per cent. interest in Options UK Personal Pensions LLP held by CAH Limited, Options UK Personal Pensions LLP, MK SIPP Trustees UK Limited, The Fiduciary Corporation (Properties) Limited, The Fiduciary Corporation (Properties 5) Limited, The Fiduciary Corporate (Properties 6) Limited, The Fiduciary Corporate (Properties 7)

	Limited, The Fiduciary Corporation (Properties 9) Limited, The Fiduciary Corporation (Properties 10) Limited, The Fiduciary Corporation (Properties 11) Limited, The Fiduciary Corporation (Properties 16) Limited, and The Fiduciary Corporation (Properties 8) Limited and (ii) L&C Gaudi Limited, London & Colonial (Administration Services) Limited and London & Colonial (Trustee Services) UK Limited to the extent such entities are not liquidated prior to completion of the MBO Sale;
<b>SIPPs Target Companies</b>	CAH Limited, London & Colonial Services Limited, Gresham Pension Trustees Limited, Personal Pension Trustees Limited and the 30 per cent. interest in Options UK Personal Pensions LLP held by STM;
<b>STM Board or STM Directors</b>	the persons whose names are set out in paragraph 2 in Part Eight ( <i>Additional Information on STM and Bidco</i> ) of this document or, where the context so requires, the board of directors of STM from time to time and “ <b>STM Director</b> ” shall mean any one of them;
<b>STM or the Company</b>	STM Group Plc, registered in the Isle of Man with the registration number: 005398V;
<b>STM Group</b>	STM and its subsidiaries and subsidiary undertakings from time to time;
<b>STM Shareholders</b>	the holders of STM Shares from time to time;
<b>STM Shares</b>	the existing issued and fully paid ordinary shares with a nominal value of £0.001 each in the share capital of STM and any further such fully paid ordinary shares issued before the Effective Date but in both cases excluding any such shares held or which become held as treasury shares;
<b>Takeover Offer</b>	if the Acquisition is implemented by way of a takeover offer, the offer to be made by or on behalf of Bidco, or an associated undertaking thereof, to acquire the entire issued and to be issued ordinary share capital of STM including, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
<b>Third Party</b>	each of the following: government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution or any other similar body or person whatsoever in any jurisdiction;
<b>tPR</b>	the Pension Regulator in the UK (or its successor body or bodies from time to time);
<b>tPR Condition</b>	condition 2(a) of Part A of Part Three (Conditions to the Implementation of the Scheme and to the Acquisition) to this document;
<b>UK or United Kingdom</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>uncertificated or in uncertificated form</b>	a share or other security recorded on the relevant register as being held in uncertificated form in CREST;

<b>US or United States</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
<b>US Securities Act</b>	the US Securities Act of 1933, as amended;
<b>US Shareholder</b>	a STM Shareholder resident or located in the United States;
<b>US Exchange Act</b>	the US Securities Exchange Act of 1934, as amended;
<b>Voting Record Time</b>	close of business on the day which is two days before the date of the Court Meeting or, if the Court Meeting is adjourned, close of business on the day which is two days before the date of such adjourned meeting;
<b>Wider Bidco Group</b>	Bidco and its subsidiaries, subsidiary undertakings and associated undertakings, and any other body corporate, person or undertaking (including a joint venture, partnership, firm or company) in which Bidco and/or such undertakings (aggregating their interests) have a Significant Interest; and
<b>Wider STM Group</b>	STM and its associated undertakings any other body corporate, partnership, joint venture or person in which STM and such undertakings (aggregating their interests) have a Significant Interest.

For the purposes of this document, “**subsidiary**”, “**subsidiary undertaking**”, “**undertaking**” and “**associated undertaking**” have the respective meanings given thereto by the UK Companies Act 2006.

All references to “**pounds**”, “**pounds Sterling**”, “**Sterling**”, “**£**”, “**pence**”, “**penny**” and “**p**” are to the lawful currency of the United Kingdom.

All the times referred to in this document are London times unless otherwise stated. References to the singular include the plural and vice versa.

**PART TEN**  
**NOTICE OF COURT MEETING**

**IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN**

**CHP23/0098**

IN THE MATTER OF STM GROUP PLC

and

IN THE MATTER OF THE ISLE OF MAN COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that, by an order dated 6 November 2023 made in the above matters, the Court has given permission for STM Group Plc (the **Company**) to convene a meeting of the holders of Scheme Shares (as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement proposed to be made between the Company and the holders of Scheme Shares and that such meeting will be held at the offices of STM at 5th floor, 330 High Holborn, London WC1V 7QH at 10.30 a.m. on 6 December 2023 at which place and time all holders of Scheme Shares are requested to attend.

A copy of the Scheme of Arrangement and an explanatory statement are incorporated in the document of which this notice forms part.

**Independent STM Shareholders may vote by appointing the Chair of the Court Meeting (or any other person) as their proxy. A proxy need not be a member of the Company. An Independent STM Shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that holder. A blue Form of Proxy for use at the meeting is enclosed with this notice. Independent STM Shareholders with Scheme Shares held through CREST may also appoint a proxy or proxies using CREST by following the instructions set out on page 7 of this document.**

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

It is requested that forms appointing proxies (together with any power of attorney or other authority under which they are signed, or a notarially certified copy of such authority) be lodged with the Company's registrar, Computershare, in accordance with the instructions printed on such forms not later than 48 hours before the start of the meeting excluding any part of a day that is not a business day.

Entitlement to vote at the meeting and the number of votes which may be cast at the meeting will be determined by reference to the register of members of the Company at 6.00 p.m. on the day which is two days before the date of the meeting or, if the meeting is adjourned, 6.00 p.m. on the day which is two days before the date of such adjourned meeting (the **Voting Record Time**). Changes to the register of members after such time will be disregarded.

By the said order, the Court has appointed Nigel Birrell or, in his absence, Peter Smith or, failing him, Therese Neish to act as Chair of the meeting and has directed the Chair to report the result of the meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 7 November 2023

**CAINS ADVOCATES LIMITED**

Fort Anne,  
Douglas,  
Isle of Man,  
IM1 5PD



Notes:

1. For the purposes of the Company's articles of association and Regulation 22 of Isle of Man the Uncertificated Securities Regulations 2006 (the **Regulations**), only STM Shareholders holding Scheme Shares at the Voting Record Time (each, a **Scheme Shareholder**) are entitled to attend, speak and vote at this meeting and may appoint a proxy to attend, speak and vote instead of them. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at this meeting. Voting on all resolutions will be by way of a poll. Each Scheme Shareholder present at this meeting will be entitled to one vote for every Scheme Share registered in his or her name and each corporate representative or proxy will be entitled to one vote for each Scheme Share which he/she represents. Scheme Shareholders who submit a proxy form with voting instructions in advance of this meeting specifying the Chair of the Company as their proxy, but who attend this meeting in person, need not complete a poll card unless they wish to change their vote.
2. A blue form of proxy is enclosed for use at this meeting. To be valid, completed forms of proxy should be completed and returned in accordance with their instructions, along with the power of attorney or other authority, if any, under which they are signed or a notarially certified or Office copy of such power or authority, so as to arrive at the offices of the Company's registrar, Computershare, not later than 10.30 a.m. on 4 December 2023, or if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting, excluding any part of a day that is not a business day. If the proxy form is not returned by the relevant time, it may be handed to the Chair of the meeting or to Computershare, on behalf of the Chair of the meeting, before the start of the meeting.
3. A Scheme Shareholder entitled to attend, speak and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A Scheme Shareholder may appoint more than one proxy in relation to this meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A proxy need not be a Scheme Shareholder but must attend this meeting to represent him/her. A separate proxy form should be used for each proxy appointment. If you intend appointing additional proxies, please contact the shareholder helpline operated by Computershare on 0370 707 4040 or on +44 370 707 4040 from outside the UK (calls to this number from outside the UK will be charged at the applicable international rate) to obtain (an) additional proxy form(s). The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. The shareholders helpline may record calls to both numbers for security purposes and to monitor the quality of its services. Alternatively, you may photocopy the enclosed proxy form. A Scheme Shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his/her holding and mark the box indicating that the proxy instruction is one of multiple instructions being given. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the Scheme Shareholder may result in the proxy appointment being invalid. If the proxy form is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes. A Scheme Shareholder must inform Computershare in writing of any termination of the authority of a proxy. If more than one valid proxy appointment is received, the appointment received last before the latest time for the receipt of the proxies will take precedence.
4. Scheme Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for this meeting or any adjournment of this meeting by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual available via [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & International Limited's (**Euroclear**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not later than 10.30 a.m. on 4 December 2023 or, if the meeting is adjourned, at least 48 hours before the start of the adjourned meeting, excluding any part of a day that is not a business day. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4)(a) of the Regulations.
7. Completion and return of a form of proxy, or the appointment of proxies through CREST, will not preclude an Independent STM Shareholder from attending and voting in person at this meeting, or any adjournment of this meeting.
8. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding (the first named being the most senior).

9. You may not use any electronic address provided either in this notice or in any related documents (including the enclosed proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at this meeting. A corporate representative has the same powers on behalf of the corporation he or she represents as that corporation could exercise if it were an individual member of the Company.
11. As at 6 November 2023 (being the latest business day before publication of this notice), the Company's issued share capital consisted of 59,408,088 ordinary shares, carrying one vote each. No ordinary shares were held in treasury, and therefore the total voting rights in the Company as at 6 November 2023 were 59,408,088.
12. The Company thanks the attendees in advance for their co-operation with the security staff at the venue and kindly requests that each attendee provides one piece of identification, such as photographic ID or a bank card. The Company does not permit cameras or recording equipment at this meeting and should be grateful if attendees would ensure that they switch off their mobile telephone before the start of this meeting. The Company does not permit behaviour which may interfere with anyone's safety or the orderly conduct of this meeting.

## PART ELEVEN

### NOTICE OF EXTRAORDINARY GENERAL MEETING OF STM GROUP PLC

Notice is given that an Extraordinary General Meeting of STM Group Plc (the **Company**) will be held at the offices of STM at 5th floor, 330 High Holborn, London WC1V 7QH at 10.45 a.m. on 6 December 2023 (or as soon thereafter as the meeting of the holders of Scheme Shares (as defined in the Scheme as referred to in the resolution set out below) convened for 10.30 a.m. on the same day and at the same place, by an order of the High Court of Justice of the Isle of Man, shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions, which, in the case of resolution 1, shall be proposed as an ordinary resolution and in the case of resolution 2 shall be proposed as a Special Resolution (as defined in the Articles), in each case to be voted on by a poll.

#### ORDINARY RESOLUTION

1. THAT, subject to and conditional upon the passing of Resolution 2 set out in this Notice of General Meeting, the sale by the Company of the SIPP's Business (as defined in the circular dated 7 November 2023) for the sum of £4.5 million, to Pathlines Holdings Limited (**Pathlines**), being a company controlled by Alan Kentish, being a director and shareholder of the Company, and the terms of the agreement dated 9 October 2023 between (1) the Company; (2) Pathlines; and (3) Alan Kentish, pursuant to which Pathlines shall purchase the SIPP's Business (the **MBO SPA**), be and are hereby approved for the purposes of Rule 16.1 of the City Code on Takeovers and Mergers and that the directors of the Company (or a duly authorised person) be and are hereby authorised to agree and make such modification, variations, revisions, waivers and/or amendments in relation to the MBO SPA (provided that such modifications, variations, revisions, waivers or amendments are not material) as they may in their absolute discretion deem necessary, expedient or desirable.

#### SPECIAL RESOLUTION<sup>1</sup>

2. THAT, subject to and conditional upon the passing of Resolution 1 set out in the Notice of General Meeting, for the purpose of giving effect to the scheme of arrangement dated 7 November 2023 (as amended or supplemented) between the Company and the holders of Scheme Shares (as defined in such scheme of arrangement), a print of which has been produced to this meeting and for the purposes of identification signed by the Chair of the meeting, in its original form or subject to such modification, addition, or condition as may be agreed between the Company and Bidco and approved or imposed by the Court (the **Scheme**):
  - (A) the directors of the Company (or a duly authorised committee of the directors) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and
  - (B) with effect from the passing of this resolution, the articles of association of the Company be and are amended by the adoption and inclusion of the following new article 164:

#### "Scheme of Arrangement"

- 164.1 In this article 164, references to the **Scheme** are to the Scheme of Arrangement dated 7 November 2023 between the Company and the holders of Scheme Shares under Part X of the Isle of Man Companies Act 2006 (as may be modified or amended in accordance with its terms), and expressions defined in the Scheme shall have the same meanings in this article.
- 164.2 Notwithstanding any other provision of these articles or the terms of any resolution passed by the Company in Extraordinary General Meeting, if the Company issues any Ordinary Shares (other than to Jambo SRC Limited (**Bidco**) or its nominee(s)) on or after the adoption of this article and before the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes of the Scheme) and the original or any subsequent holder or holders of such ordinary shares shall be bound by the Scheme accordingly.
- 164.3 Notwithstanding any other provision of these articles or the terms of any resolution passed by the Company in an Extraordinary General Meeting, if any Ordinary Shares are issued

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<sup>1</sup> A Special Resolution includes a resolution of members of the Company passed, on a poll, by members of the Company holding not less than 75% of the voting rights attributable to the shares held by the members present and voting at the relevant meeting.

or transferred to any person (other than Bidco or its nominee(s)) (the **New Member**) at or after the Scheme Record Time (other than under the Scheme), such New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) will, provided the Scheme shall have become effective, be obliged to transfer immediately all the Ordinary Shares held by the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) (the **Disposal Shares**) to Bidco (or as Bidco may otherwise direct) who shall be obliged to acquire all of the Disposal Shares in consideration of and conditional on the payment by or on behalf of Bidco to the New Member of an amount in cash and/or deferred consideration units or loan notes for each Disposal Share equal to the consideration that the New Member would have been entitled to had each Disposal Share been a Scheme Share.

- 164.4 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date (as defined in the Scheme), the value of the consideration per Disposal Share to be paid under Article 164.3 above shall be adjusted by the directors in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be fair and reasonable to reflect such reorganisation or alteration. References in this article to Ordinary Shares shall, following such adjustment, be construed accordingly.
- 164.5 To give effect to any transfer required by this article, the Company may appoint any person as attorney and/or agent for the New Member to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) in favour of Bidco and do all such other things and execute and deliver all such documents as may in the opinion of the attorney or agent be necessary or desirable to vest the Disposal Shares in Bidco and pending such vesting to exercise all such rights attaching to the Disposal Shares as Bidco may direct. If an attorney or agent is so appointed, the New Member shall not thereafter (except to the extent that the attorney fails to act in accordance with the directions of Bidco) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed by Bidco. The Company may give good receipt for the purchase price of the Disposal Shares and may register Bidco as holder of the Disposal Shares and issue to it certificates for the same. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder). The Company shall not be obliged to issue a certificate to the New Member for any Disposal Shares. Bidco shall send a cheque drawn on a UK clearing bank or an electronic payment (or shall procure that such a cheque or electronic payment is sent) in favour of the New Member (or any subsequent holder or any nominee of such New Member or any such subsequent holder) for the purchase price of such Disposal Shares within 14 days of the date on which the Disposal Shares are issued to the New Member.
- 164.6 If the Scheme shall not have become effective by the date referred to in sub-clause 7b of the Scheme (or such later date, if any, as Bidco and the Company may agree and the Court and the Panel on Takeovers and Mergers may allow, if such consent is required), this article shall be of no effect.
- 164.7 Notwithstanding any other provision of these articles, neither the Company nor the directors of the Company shall register the transfer of any Scheme Shares effected between the Scheme Record Time and the effective date of the Scheme, other than to Bidco and/or its nominee(s) pursuant to the Scheme.”

7 November 2023

By Order of the Board

**Alex Small**

*Group Company Secretary*

*Registered Office:*

1st Floor,  
Viking House,  
St Paul's Square, Ramsey,  
Isle of Man,  
IM8 1GB

Incorporated and registered in the Isle of Man with number 005398V

*Notes:*

1. Pursuant to the Company's articles of association and Regulation 22 of the Isle of Man Uncertificated Securities Regulations 2006 (the **Regulations**), only holders of ordinary shares of £0.001 each in the capital of the Company (each, a **Shareholder**) are entitled to attend, speak and vote at this meeting and may appoint a proxy to attend, speak and vote instead of them. Changes to entries on the register of members after 6.00 p.m. on 4 December 2023 shall be disregarded in determining the rights of any person to attend and vote at this meeting. Voting on all resolutions will be by way of a poll. Subject to note 14 below, each Shareholder present at this meeting will be entitled to one vote for every ordinary share registered in his/her name and each corporate representative or proxy will be entitled to one vote for each ordinary share which he/she represents. Shareholders who submit a proxy form with voting instructions in advance of this meeting specifying the Chair of the Company as their proxy, but who attend this meeting in person, need not complete a poll card unless they wish to change their vote. A Shareholder may appoint more than one proxy in relation to this meeting provided that each proxy is entitled to exercise the rights attaching to a different share or shares held by that member. A proxy need not be a member of the Company.
2. A yellow form of proxy is enclosed for use at this meeting. To be valid, completed forms of proxy should be returned in accordance with their instructions, along with the power of attorney or other authority, if any, under which they are signed or a notarially certified or Office copy of such power or authority, so as to arrive at the offices of the Company's registrar, Computershare, not later than 10.45 a.m. on 4 December 2023, or if the meeting is adjourned, not less than 48 hours before the start of the adjourned meeting, excluding any part of a day that is not a business day. If the form of proxy is not lodged by the relevant time, it will be invalid.
3. A Shareholder entitled to attend, speak and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A Shareholder may appoint more than one proxy in relation to this meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A proxy need not be a Shareholder but must attend this meeting to represent him/her. A separate proxy form should be used for each proxy appointment. If you intend appointing additional proxies, please contact the shareholders helpline operated by Computershare on 0370 707 4040 or on +44 370 707 4040 from outside the UK (calls to this number from outside the UK will be charged at the applicable international rate) to obtain (an) additional proxy form(s). The helpline is open between 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. The shareholder helpline may record calls to both numbers for security purposes and to monitor the quality of its Services. Alternatively, you may photocopy the enclosed proxy form. A Shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his/her holding and mark the box indicating that the proxy instruction is one of multiple instructions being given. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the Shareholder may result in the proxy appointment being invalid. If the proxy form is returned without an indication as to how the proxy shall vote on any particular matter, the proxy will exercise his or her discretion as to whether, and if so how, he or she votes. A Shareholder must inform Computershare in writing of any termination of the authority of a proxy. If more than one valid proxy appointment is received, the appointment received last before the latest time for the receipt of the proxies will take precedence.
4. Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies for this meeting or any adjournment of this meeting by using the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual available via [www.euroclear.com](http://www.euroclear.com). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service providers, who will be able to take the appropriate action on their behalf.
5. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & International Limited's (**Euroclear**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Computershare (ID 3RA50) not later than 10.45 a.m. on 4 December 2023 or, if the meeting is adjourned, not less than 48 hours before the start of the adjourned meeting, excluding any part of a day that is not a business day. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
6. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning

practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 18(4)(a) of the Regulations.

7. Completion and return of a form of proxy, or the appointment of proxies through CREST, will not preclude a Shareholder from attending and voting in person at this meeting, or any adjournment of this meeting.
8. In the case of joint holders of ordinary shares the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding (the first named being the most senior).
9. You may not use any electronic address provided either in this notice or in any related documents (including the enclosed proxy form) to communicate with the Company for any purposes other than those expressly stated.
10. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at this meeting. A corporate representative has the same powers on behalf of the corporation he/she represents as that corporation could exercise if it were an individual member of the Company.
11. As at 6 November 2023 (being the latest business day before publication of this notice), the Company's issued share capital consisted of 59,408,088 ordinary shares, carrying one vote each. No ordinary shares were held in treasury, and therefore the total voting rights in the Company as at 6 November 2023 were 59,408,088.
12. The Company thanks the attendees in advance for their co-operation with the security staff at the venue and kindly requests that each attendee provides one piece of identification, such as photographic ID or a bank card. The Company does not permit cameras or recording equipment at this meeting and should be grateful if attendees would ensure that they switch off their mobile telephone before the start of this meeting. The Company does not permit behaviour which may interfere with anyone's safety or the orderly conduct of this meeting.
13. In order to comply with the requirements of the Panel on Takeovers and Mergers and Rule 16 of the City Code on Takeovers and Mergers, Resolution 1 will be voted on by way of a poll and Alan Kentish and Clifton Participations Limited and any persons acting in concert with them (other than any director of the Company) will not be entitled to vote.

