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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

**10 October 2023**

**RECOMMENDED ACQUISITION**

**for**

**STM Group PLC (“STM” or the “Company”)**

**by**

**Jambo SRC Limited (“Bidco”)**

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

**Summary**

- The board of Bidco and the Independent STM Directors of STM are pleased to announce that they have reached agreement on the terms of a recommended offer pursuant to which Bidco will acquire the entire issued and to be issued ordinary share capital of STM (the “**Acquisition**”).
- The Acquisition is intended to be effected by means of a Court-sanctioned scheme of arrangement between STM and the Scheme Shareholders under Part X of the Companies Act.
- Under the terms of the Acquisition, which shall be subject to the further conditions and terms set out in Appendix I to this Announcement and to be set out in the Scheme Document, Scheme Shareholders will be entitled to receive:
  - 60 pence per share in cash (“**Cash Consideration**”); and
  - In addition to the Cash Consideration, under the terms of the Acquisition, Scheme Shareholders will be entitled to receive a Deferred Consideration Unit which may deliver up to 7 pence per share in cash (and, together with the Cash Consideration, the “**Maximum Acquisition 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 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 67 pence in cash per 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, on or after the date of this Announcement, 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 Announcement 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.
- The STM Board is also pleased to announce the entry into an agreement to sell the SIPP Companies to Pathlines Holdings Limited (a company controlled by Alan Kentish, the STM CEO) for a total cash consideration of £4.5 million (the “**MBO Sale**”). Completion of the MBO Sale is conditional on, amongst other things, the sanction of the Scheme by the Court.

## 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 Company 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 some 290 staff, with offices in the UK, Malta, Gibraltar and Spain. 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 pension annuities.
- 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 ('QROPS'): 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 Financial Conduct Authority, 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 ('GPP').
  - Pension Consultancy: administration and pension consultancy services to defined benefit pension funds as well as DC funds.
  - An Australian pension administration company.
- 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.
  - Further information on STM is available on its website at [www.stmgroupplc.com](http://www.stmgroupplc.com).

### **STM recommendation, irrevocable undertakings and letters of Intent**

- The Independent STM Directors, who have been so advised by Cavendish Capital Markets Limited ("**Cavendish**") as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its financial 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 Takeover Code.
- As required by, and solely for the purposes of, Rule 16.1 of the Takeover Code, Cavendish has (in its capacity as independent adviser to the Independent STM Directors for the purposes of Rule 3 of the Takeover 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.
- Accordingly, the Independent STM Directors intend to recommend unanimously that the Independent STM Shareholders vote in favour of (i) the Scheme at the Court Meeting (the "**Scheme Resolution**"); (ii) the resolution to be proposed at the General Meeting to approve the MBO Sale for the purposes of Rule 16 of the Takeover Code (the "**Rule 16 Resolution**"); and (iii) the other resolutions to be proposed at the General Meeting in connection with the Scheme and MBO Sale (the "**Other GM Resolutions**" and together with the Rule 16 Resolution, the "**GM Resolutions**"), as Therese Neish (being the only Independent STM Director holding STM Shares, directly or indirectly) has irrevocably undertaken to do 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.

- 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 Alan Kentish and Clifton Participations Limited (the “**MBO Shareholders**”) to vote or procure votes in favour of the Other GM Resolutions 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 Resolution 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 Resolution 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 Resolutions 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.

### **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 and is funded by Pension SuperFund Capital. It has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.
- 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:
  - Go ‘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; and
  - 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*.
    - 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 Chairman 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; 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;
  - Best-in-class partners to provide insurance solutions, fiduciary management, member experience, asset and liability management.

### Acquisition Structure, Timetable and Conditions

- The Cash Consideration of 60 pence per share will be paid, conditional on the Scheme becoming Effective, within 14 days of the Scheme becoming Effective.
- Under the terms of the Scheme, each Scheme Shareholder will receive one Deferred Consideration Unit for each Scheme Share. 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 ("**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 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 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 payment under the Loan Notes is zero.
- The Loan Note Principal Value will be determined by an Assessment Process set out in the DCU Deed Poll and summarised in paragraph 12 of this Announcement, following which, each DCU Holder will receive one Loan Note for each Deferred Consideration Unit held by such DCU Holder. 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 Note, 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 the Loan Note Principal Value will be repaid to the holders of the Loan Notes and the Loan Notes will be automatically cancelled. Further details in respect of the Deferred Consideration Units and Loan Notes will be contained in the Scheme Document. STM Shareholders are strongly advised to read paragraph 12 of this Announcement in full.
- The Acquisition shall be put to the STM Shareholders at the Court Meeting and at the General Meeting. In order to become effective, the Scheme must be approved by a majority in number of the Independent STM Shareholders voting at the Court Meeting, either in person or by proxy, representing at least 75 per cent. in value of the STM Shares voted. In addition, the GM Resolutions must be passed by the requisite majority or majorities at the General Meeting. The

Scheme will also need to be sanctioned by the Court. Finally, a certified copy of the Court Order must be delivered to the Companies Registry for registration, and the Companies Registry must register a certified copy of the Court Order, together with a copy of the Scheme Document and all documents required to be annexed thereto (if any), upon which the Scheme will become effective in accordance with its own terms (including the satisfaction or waiver of the Conditions).

- The Acquisition is subject to the Conditions and certain conditions and further terms set out in Appendix I to this Announcement and the full terms and conditions of the Acquisition which will be set out in the Scheme Document. In particular, the Acquisition will be conditional upon regulatory approvals in Malta and Gibraltar and the tPR Condition being satisfied. In addition, the Acquisition is conditional on approval of the Rule 16 Resolution at the General Meeting and completion of the MBO Sale (which is conditional on regulatory approval in the UK). 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. It is expected that, subject to the satisfaction of all such relevant conditions, the Scheme will become Effective during the first half of 2024.
- The Scheme Document will contain further information about the Acquisition, together with notices of the Court Meeting and the General Meeting, and the expected timetable and will specify the action to be taken by STM Shareholders. The Scheme Document will be published and sent to STM Shareholders as soon as practicable and, in any event, within 28 days of this Announcement (unless STM and Bidco otherwise agree, and the Panel consents, to a later date).

Commenting on the Acquisition, Nigel Birrell, the Chair of STM, said:

*“The STM Board is pleased to be recommending Bidco’s offer for the Company, which represents a significant premium in cash to the STM share price prior to the commencement of discussion with Bidco and offers certain value for our shareholders, and potential future benefit through the Deferred Consideration Units. Whilst we believe that there are significant growth and value realisation opportunities for STM in the short to medium term, we recognise that there are uncertainties and risks which may impact STM’s ability to both optimise growth as a stand-alone quoted entity, and to execute a realisation strategy of certain parts of the business. We acknowledge the additional commercial benefits which could be obtained as part of a larger group such as Pension SuperFund Capital, whose management team has a clear vision to deliver a complete solution to pension savers and members.”*

Commenting on the Acquisition, Edmund Truell, the Co-Founder of Pension SuperFund Capital, said:

*“We are delighted to back Bidco to acquire STM Group plc after a period of extensive diligence and strategic planning. This exciting investment aligns with our wider market aim to provide a complete solution, worldwide, to pension savers and sponsors and improve pensioner outcomes in an aligned way.*

*We strongly believe our track record and stewardship will enable us to provide increased security and value-for-money benefits to members, while also helping to deliver the upside that the Mansion House reforms intend.”*

***This summary should be read in conjunction with, and is subject to, the full text of this Announcement including its Appendices.***

***The Acquisition is subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix II to this Announcement contains the sources of information and bases of calculations of certain information contained in this summary and this Announcement, Appendix III contains a summary of the irrevocable undertakings and letters of intent referred to in this Announcement and Appendix IV contains definitions of certain terms and expressions used in this summary and in this Announcement.***

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Simpson Thacher & Bartlett LLP is retained as legal adviser to Pension Superfund Capital and Bidco.

Pinsent Masons LLP is retained as legal adviser to STM.

## **Important Notice**

*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 Financial Conduct Authority. 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 Announcement 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 Announcement*

*Cavendish Capital Markets Limited (“**Cavendish**”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for STM and for no one else in connection with the Acquisition and/or any other matter referred to in this Announcement and 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 Acquisition, the contents of this Announcement, or another other matters referred to in*

*this Announcement. Neither Cavendish nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Cavendish in connection with this Announcement, any statement or other matter or arrangement referred to herein or otherwise.*

*This Announcement is for information purposes only and does not constitute an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise. The Acquisition shall be made solely by means of the Scheme Document (or in the event that the Acquisition is to be implemented by means of a Takeover Offer, the takeover offer document) which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document (or in the event that the Acquisition is to be implemented by means of a Takeover Offer, the takeover offer document).*

*This Announcement has been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law and Isle of Man law, the Takeover Code, the Aim Rules and MAR and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom or the Isle of Man. Nothing in this Announcement should be relied on for any other purpose.*

*STM will prepare the Scheme Document to be distributed to STM Shareholders. STM and Bidco urge STM Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.*

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

### **Overseas Shareholders**

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom or the Isle of Man may be restricted by law and/or regulations. Persons who are not resident in the United Kingdom or the Isle of Man or who are subject to the laws and regulations of other jurisdictions should inform themselves of, and observe, any applicable requirements. Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws or regulations 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 Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from such jurisdictions where to do so would violate the laws in those jurisdictions. If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), such Takeover Offer may not be made available directly or indirectly, into or from or by the use of mails or any means or 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 Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

*The availability of the Acquisition to STM Shareholders who are not resident in the United Kingdom or the Isle of Man (and, in particular, their ability to vote their Scheme Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf) may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or the Isle of Man should inform themselves of, and observe, any applicable requirements, as any failure to comply with such requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation*



of such restrictions by any person. The Acquisition shall be subject to the applicable requirements of the Companies Act, the Court, the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the AIM Rules. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

### **Additional Information for US Investors**

The Acquisition is being made to acquire the securities of an Isle of Man company by means of a scheme of arrangement provided for under Part X of the Companies Act. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable to schemes of arrangement involving a target company incorporated in the Isle of Man admitted to trading on AIM, which are different from the disclosure requirements of the US under the US proxy solicitation and tender offer rules. The financial information included in this Announcement and the Scheme documentation has been or will have been prepared in accordance with accounting standards applicable in the Isle of Man and the UK and thus 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 US.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved or passed judgment upon the fairness or the merits of the Acquisition or determined if this Announcement is adequate, accurate or complete.

If Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with applicable US laws and regulations, including to the extent applicable Section 14(e) of the US Exchange Act and Regulation 14E thereunder, and in accordance with the Takeover Code. Such a takeover would be made in the United States by Bidco and no one else.

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

It may be difficult for US holders to enforce their rights and any claims arising out of the US federal securities laws, since STM is located in a country other than the US, and all of its officers and directors are residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of 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.

In accordance with normal UK practice and consistent with Rule 14e-5 under the US Exchange Act, Bidco, certain affiliated companies and the nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, shares in STM outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and will comply with applicable law, including to the extent applicable the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com). This information will also be publicly disclosed in the US to the extent that such information is made public in the UK.

### **Forward Looking Statements**

This Announcement (including information incorporated by reference in the Announcement), oral statements made regarding the Acquisition, and other information published by Bidco and STM contain certain statements, beliefs or opinions, with respect to the financial condition, results of operations and business of Bidco and STM which are or may be deemed to be "forward looking statements". These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "envisage",

"estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by STM and/or Bidco, in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given by STM and Bidco that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. The forward-looking statements speak only at the date of this Announcement. 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. Neither STM nor Bidco nor Pension SuperFund Capital assumes any obligation and STM and Bidco and Pension SuperFund Capital disclaim any intention or obligation, to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise), except as required by applicable law or regulation (including under the AIM Rules).

**EXCEPT AS EXPRESSLY PROVIDED IN THE ANNOUNCEMENT, THE FORWARD-LOOKING STATEMENTS HAVE NOT BEEN REVIEWED BY THE AUDITORS OF STM, PENSION SUPERFUND CAPITAL OR BIDCO OR THEIR RESPECTIVE FINANCIAL ADVISERS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD SIGNIFICANTLY AFFECT EXPECTED RESULTS AND ARE BASED ON CERTAIN KEY ASSUMPTIONS. THERE ARE SEVERAL FACTORS WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN FORWARD-LOOKING STATEMENTS. AMONG THE FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS IS THE SATISFACTION OF THE CONDITIONS, AS WELL AS ADDITIONAL FACTORS SUCH AS CHANGES IN GLOBAL, POLITICAL, ECONOMIC, BUSINESS, COMPETITIVE, MARKET AND REGULATORY FORCES, FUTURE EXCHANGE AND INTEREST RATES, CHANGES IN TAX RATES AND FUTURE BUSINESS COMBINATIONS OR DISPOSITIONS. SUCH FORWARD LOOKING STATEMENTS SHOULD THEREFORE BE CONSTRUED IN THE LIGHT OF SUCH FACTORS. NEITHER BIDCO NOR STM, NOR ANY OF THEIR RESPECTIVE ASSOCIATES OR DIRECTORS, OFFICERS OR ADVISERS, PROVIDES ANY REPRESENTATION, ASSURANCE OR GUARANTEE THAT THE OCCURRENCE OF THE EVENTS EXPRESSED OR IMPLIED IN ANY FORWARD-LOOKING STATEMENTS IN THIS ANNOUNCEMENT WILL ACTUALLY OCCUR.**

#### **No Profit Forecasts, Estimates or Quantified Benefits Statements**

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

#### **Disclosure Requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover 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 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities

exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover 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(s), 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.

### **Electronic Communications**

Please be aware that addresses, electronic addresses and certain information provided by STM Shareholders 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 Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

### **Publication on Website and Availability of Hard Copies**

A copy of this Announcement and the documents required to be published by Rule 26 of the Takeover Code shall be made available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on STM'S website at <https://www.stmgroupplc.com/possible-offer-for-stm-group-plc> by no later than 12 noon (London time) on the Business Day following this Announcement. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this Announcement.

STM Shareholders may request hard copies of this Announcement by contacting Computershare Investor Services (Jersey) Limited at 13 Castle Street, St. Helier, Jersey CI, JE1 1ES or on +44 (0370) 707 4040 between 9:00 a.m. and 5:00 p.m. (London time) Monday to Friday (public holidays excepted). Calls to this number from persons who are not resident in Jersey are charged at the applicable international rate. Calls from a mobile device may incur network extras.

STM Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form. If an STM Shareholder has received this Announcement in electronic form, copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.

### **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and

*figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.*

**General**

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are a resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

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

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

**FOR IMMEDIATE RELEASE**

**10 October 2023**

**RECOMMENDED ACQUISITION**

**for**

**STM Group PLC (“STM” or the “Company”)**

**by**

**Jambo SRC Limited (“Bidco”)**

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

**1. Introduction**

The board of Bidco and the Independent STM Directors of STM are pleased to announce that they have agreed the terms of a recommended acquisition of the entire issued and to be issued ordinary share capital of STM by Bidco.

The Acquisition is intended to be effected by means of a Court-sanctioned scheme of arrangement under Part X of the Companies Act.

**2. The Acquisition**

Under the terms of the Acquisition, which shall be subject to the further conditions and terms set out in Appendix I to this Announcement and to be set out in the Scheme Document, Scheme Shareholders who are on the register of members of STM at the Scheme Record Time will be entitled to receive:

- 60 pence per share in cash (“**Cash Consideration**”); and
- In addition to the Cash Consideration, under the terms of the Acquisition, Scheme Shareholders will be entitled to receive a Deferred Consideration Unit which may deliver up to 7 pence per share in cash (and, together with the Cash Consideration, the “**Maximum Acquisition Value**”).

In certain circumstances, the Deferred Consideration Unit 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 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 67 pence per 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, on or after the date of this Announcement, 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 Announcement 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.

It is expected that the Scheme Document will be published as soon as reasonably practicable and, in any event, within 28 days of the date of this Announcement (unless STM and Bidco otherwise agree, and the Panel consents). The Court Meeting and the General Meeting are expected to be held during the fourth quarter of 2023. It is expected that, subject to the satisfaction of all relevant conditions, the Scheme will become effective during the first half of 2024.

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

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:

- shift in regulatory emphasis towards value for money, long-term investment returns as opposed to simply focusing on costs;
- pension funds to consolidate (both defined contribution and defined benefit) 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
- pension funds to allocate at least 5% of funds to unlisted growth companies (£50bn 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 investors 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 investors.

#### **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.

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 the Company's final 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 the Company 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. Following this Announcement, the STM Board intends to approach the proposed purchaser, with the consent of Bidco, working in collaboration with the trustees of the Master Trust and the UK Pension Regulator, to continue discussions around a 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 intend to recommend unanimously that the Independent STM Shareholders vote in favour of the Scheme at the Court Meeting and the Scheme Resolution to be proposed at the General Meeting.

## **5. Recommendation**

The Independent STM Directors, who have been so advised by Cavendish as to the financial terms of the Acquisition, 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 Takeover Code.

Accordingly, the Independent STM Directors intend to recommend unanimously that the Independent STM Shareholders vote in favour of the Scheme at the Court Meeting (by voting in favour of the Scheme Resolution) and the GM Resolutions to be proposed at the 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.

## **6. MBO Sale**

Bidco has 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. For the avoidance of doubt, the MBO Sale no longer includes the entities connected with the 'funder' of the Master Trust, as originally referenced in the Company's announcement dated 8 September 2023.

As noted above, STM has entered into an agreement for the sale of the SIPPs Companies to Pathlines Holdings Limited, a company which is controlled by the STM CEO, Alan Kentish, for a total cash consideration of £4.5 million. Pathlines Holdings Limited 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 has personally guaranteed £4.1 million of the £4.5 million consideration payment obligations of Pathlines Holdings Limited pursuant to the agreement for sale of the SIPPs Companies. Completion of the MBO Sale is conditional on, amongst other things, the Rule 16 Resolution being passed at the 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 details, *inter alia*, an intention between Pathlines Holdings Limited and STM to agree a transitional services agreement and 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 Holdings Limited wishes to dispose of, directly or indirectly, all or any parts of the SIPPs Business, STM will be afforded a right of first refusal 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).

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 Holdings Limited's 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 Takeover Code, the MBO Sale will be conditional on, amongst other things, the approval of the Rule 16 Resolution at the 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 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.

As required by, and solely for the purposes of, Rule 16.1 of the Takeover Code, Cavendish has (in its capacity as independent adviser to the Independent STM Directors for the purposes of Rule 3 of the Takeover 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.

## **7. Irrevocable Undertakings and Letters of Intent**

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 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 Resolutions 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 Resolution 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 Resolution 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 Independent STM Directors, the MBO Shareholders and certain Independent STM Shareholders to vote in favour of the Other GM Resolutions 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 and letters of intent are set out in Appendix III.

## **8. 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.

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; and
- 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*.
  - 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 Chairman 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; 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;
- Best-in-class partners to provide insurance solutions, fiduciary management, member experience, asset and liability management.

## **9. 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 some 290 staff, with offices in the UK, Malta, Gibraltar and Spain. 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 ('QROPS'): 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 Financial Conduct Authority, 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 ('GPP').
- Pension Consultancy: administration and pension consultancy services to defined benefit pension funds as well as DC funds.
- An Australian pension administration company.

#### *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. Directors, management, employees, pensions, research and development and locations**

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

As noted in paragraph 6 (*MBO Sale*) above, Bidco has 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*) 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 Announcement, 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. 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 Announcement, other than in respect of these senior management roles, Bidco has 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 effected 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 Remuneration Committee of the STM Board has, with the consent of Bidco, approved additional remuneration payments for Therese Neish (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. Further details of these arrangements will be contained in the Scheme Document.

As required by, and solely for the purposes of, Rule 16.2 of the Takeover Code, Cavendish has (in its capacity as independent adviser to the Independent STM Directors for the purposes of Rule 3 of the Takeover 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 are not "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover 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. Financing**

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.

In accordance with Rule 2.7(d) of the Takeover Code, Davy, as sole financial adviser to Bidco, is satisfied that sufficient resources are available to Bidco 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.

## **12. 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 the date of this Announcement. 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 ("**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 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 the laws of any jurisdiction make it illegal for Scheme Shareholders to hold or be issued Deferred Consideration Units or would require any qualification of the Deferred Consideration Units under any applicable laws or regulations, they may not be entitled to the Deferred Consideration Units or the amounts which may be payable thereon. In such circumstances, Bidco intends under the terms of the Scheme to pay such Restricted Overseas Shareholders an amount equal to the amount that such Scheme Shareholder would have received (if any) under the Deferred Consideration Units and the Loan

Notes (subject to the terms and conditions of the DCU Deed Poll as if they applied for determining and paying such amount).

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, 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 Note, 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.

#### *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:

- 1 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;
- 2 satisfaction in full of Conditions 2(b) and 2(c) (as set out in Appendix I to this Announcement) by the Effective Date;
- 3 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 Acquisition Group as at the date of the DCU Deed Poll and which is or would be material in the context of the Wider STM Acquisition Group taken as whole; or (ii) the imposition of any fine or penalty on any member of the Wider STM Acquisition Group and which is or would be material in the context of the Wider STM Acquisition Group taken as 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 1 above and, solely in respect of the UK Pension Regulator with regard to DCU Condition 3 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.

#### *Assessment process (the “**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 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 during the calculation period falls between 5% and 10% and where, for the avoidance of doubt:

annualised net attrition during the calculation period is 5% or less, X shall equal 0; and

annualised net attrition during the calculation period is 10% 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 14 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 notes prior to the expiry of the term.

Full details of the Loan Notes will be contained in the Scheme 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 the Scheme Document.

### **13. Offer-related Arrangements**

Pension SuperFund Capital and STM entered into a confidentiality agreement on 14 July 2023 (the "**Confidentiality Agreement**") 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 to 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.

Under the terms of the Confidentiality Agreement, Pension SuperFund Capital has also agreed to customary standstill provisions pursuant to which it has agreed that it will not (other than in limited circumstances) acquire any STM Shares. This restriction ceases immediately following the making of this Announcement.

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

It is intended that the Acquisition shall be effected by means 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 ordinary 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 on the basis set out in paragraph 2 of this Announcement and the Deferred Consideration Units.

The Scheme is subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to be set out in the Scheme Document and the Forms of Proxy and will only become effective if, among 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 approval(s) are required)):

- (i) 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;
- (ii) the resolutions required to implement the Scheme as set out in the Notice of General Meeting as will be included in the Scheme Document, being duly passed by the requisite majority at the General Meeting (or at any adjournment thereof);
- (iii) 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 Document and all documents required to be annexed thereto, by the Companies Registry;
- (iv) completion of the MBO Sale;
- (v) satisfaction of the Regulatory Conditions; and
- (vi) the Scheme becoming effective by the Long Stop Date.

The Scheme shall lapse if:

- the Court Meeting and the General Meeting (and any adjournment thereof) are not held by the 22<sup>nd</sup> day after the expected date of such meetings as will be set out in the Scheme 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 22<sup>nd</sup> day after the expected date of such hearing as will be set out in the Scheme 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 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 Appendix I to this Announcement 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 Appendix I) 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.***

Upon the Scheme becoming effective, it shall be binding on all STM Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Further details of the Scheme, including an indicative timetable for its implementation, shall be set out in the Scheme Document, which will specify the necessary actions to be taken by STM Shareholders. It is expected that the Scheme Document and the Forms of Proxy accompanying the Scheme Document will be published as soon as reasonably practicable and, in any event, within 28 days of this Announcement (unless STM and Bidco otherwise agree, and the Panel consents) and the Court Meeting and the General Meeting are expected to be held in the fourth quarter of 2023. The Scheme Document and Forms of Proxy will be posted to all STM Shareholders as soon as practicable, at no charge to them.

Any STM Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The Other GM Resolutions 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.

## **15. De-listing and re-registration**

Prior to the Scheme becoming effective, STM shall make an application for the cancellation of admission to trading of the STM Shares on AIM, to take effect from or shortly after the Effective Date.

The last day of dealings in STM Shares on AIM is expected to be the Business Day immediately prior to the Effective Date and no transfers shall be registered after 6.00 p.m. on that date.

## **16. Disclosure of interests in STM**

Save in respect of the irrevocable undertakings referred to in paragraph 7 above and the interests of Alan Kentish and Clifton Participations Limited referred to in paragraph 7 above, as at the close of business on the Latest Practicable Date, neither Bidco, nor any of its directors nor, so far as Bidco is aware, any person acting in concert (within the meaning of the Takeover Code) with it has: (i) any interest in or right to subscribe for any relevant securities of STM; (ii) any short positions in respect of relevant securities of STM (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; (iii) any dealing arrangement of the kind referred to in Note 11 on the definition of 'acting in concert' in the Takeover Code, in relation to the relevant

securities of STM; nor (iv) borrowed or lent any relevant securities of STM (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), save for any borrowed shares which had been either on-lent or sold.

“**relevant securities of STM**” means STM Shares or securities convertible or exchangeable into STM Shares.

“**Interests in securities**” for these purposes and within the meaning of the Takeover Code arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person will be treated as having an “interest” by virtue of the ownership, voting rights or control of securities, or by virtue of any agreement to purchase, option in respect of, or derivative referenced to, securities.

## **17. General**

### *Switching to a Takeover Offer*

Bidco reserves the right to elect, with the consent of the Panel (where necessary), to implement the Acquisition by way of a Takeover Offer.

If the Acquisition is effected by way of a Takeover Offer and such Takeover Offer becomes or is declared unconditional and sufficient acceptances are received, Bidco intends to apply the provisions of section 160 of the Companies Act to compulsorily acquire any outstanding STM Shares to which such Takeover Offer relates, and for the admission to trading of the STM Shares on AIM to be cancelled.

### *Miscellaneous*

The Acquisition is subject to the Conditions and certain further terms set out in Appendix I to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix II to this Announcement contains the sources of information and bases of calculations of certain information contained in this Announcement, Appendix III contains a summary of the irrevocable undertakings and letters of intent referred to in this Announcement, and Appendix IV contains definitions of certain terms and expressions used in this Announcement. 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 certain further conditions and terms set out in Appendix I to this Announcement and to be set out in the Scheme 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 Takeover Code and the AIM Rules. This Announcement does not constitute, or form part of, an offer or invitation to purchase STM Shares or any other securities.

Davy and Cavendish have each given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their names in the form and context in which they appear.

## **18. Documents available on website**

Copies of the following documents shall be made available, subject to certain restrictions relating to persons residing in Restricted Jurisdictions, on STM’s website at <https://www.stmgroupplc.com/possible-offer-for-stm-group-plc> by no later than noon (London time) on the Business Day following this Announcement until the end of the Acquisition:

- this Announcement;
- the agreement for the sale of the SIPP Companies between STM and Pathlines Holdings Limited referred to in paragraph 6 above;
- the direction letter from Clifton Participations Limited in favour of Bidco, STM and the Receiving Agent referred to in paragraph 6 above;

- the irrevocable undertakings and letters of intent referred to in paragraph 7 above and summarised in Appendix III to this Announcement;
- the Confidentiality Agreement;
- the documents relating to the financing of the Acquisition referred to in paragraph 11 above;
- the DCU Deed Poll and Loan Note Instrument; and
- the consents from Cavendish and Davy to being named in this Announcement.

Neither the contents of the websites referred to in this Announcement nor the contents of any website accessible from hyperlinks is incorporated in, or forms part of, this Announcement.

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Simpson Thacher & Bartlett LLP is retained as legal adviser to Pension Superfund Capital and Bidco.

Pinsent Masons LLP is retained as legal adviser to STM.

### ***Important Notice***

*Davy Capital Markets UK is a trading name of J & E Davy (UK) Limited. J & E Davy (UK) Limited which is authorised and regulated by the Financial Conduct Authority. 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 matter described in this Announcement 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 Announcement.*

*Cavendish Capital Markets Limited (“**Cavendish**”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for STM and for no one else in connection with the Acquisition and/or any other matter referred to in this Announcement and 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 Acquisition, the contents of this Announcement, or another other matters referred to in this Announcement. Neither Cavendish nor any of its subsidiaries, affiliates or branches owes or accepts any duty, liability or responsibility whatsoever (whether direct, indirect, consequential, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Cavendish in connection with this Announcement, any statement or other matter or arrangement referred to herein or otherwise.*

*This Announcement is for information purposes only and does not constitute an offer to sell or an invitation to purchase any securities or the solicitation of an offer to buy any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Acquisition or otherwise. The Acquisition shall be made solely by means of the Scheme Document which shall contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any vote in respect of the Scheme or other response in relation to the Acquisition should be made only on the basis of the information contained in the Scheme Document.*

*This Announcement has been prepared for the purpose of complying with English law and Isle of Man law and the Takeover Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom or the Isle of Man.*

*STM shall prepare the Scheme Document to be distributed to STM Shareholders. STM and Bidco urge STM Shareholders to read the Scheme Document when it becomes available because it will contain important information relating to the Acquisition.*

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

### **Overseas Shareholders**

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom or the Isle of Man may be restricted by law and/or regulations. Persons who are not resident in the United Kingdom or the Isle of Man or who are subject to the laws and regulations of other jurisdictions should inform themselves of, and observe, any applicable requirements.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition shall not be made available, in whole or in part, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws or regulations 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 Announcement and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in, into or from such jurisdictions where to do so would violate the laws in those jurisdictions. If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), such Takeover Offer may not be made available directly or indirectly, into or from or by the use of mails or any means or 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 Restricted Jurisdiction and the Takeover Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.

The availability of the Acquisition to STM Shareholders who are not resident in the United Kingdom or the Isle of Man (and, in particular, their ability to vote their Scheme Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf) may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom or the Isle of Man should inform themselves of, and observe, any applicable requirements, as any failure to comply with such requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. The Acquisition shall be subject to the applicable requirements of the Companies Act, the Court, the Takeover Code, the Panel, the London Stock Exchange, the Financial Conduct Authority and the AIM Rules. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.

### **Additional Information for US Investors**

The Acquisition is being made to acquire the securities of an Isle of Man company by means of a scheme of arrangement provided for under Part X of the Companies Act. A transaction effected by means of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable to schemes of arrangement involving a target company in the Isle of Man admitted to trading on AIM, which are different from the disclosure requirements of the US under the US proxy solicitation and tender offer rules. The financial information included in this Announcement and the Scheme documentation has been or will have been prepared in accordance with accounting standards applicable in the Isle of Man and the UK and thus 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 US.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved or passed judgment upon the fairness or the merits of the Acquisition or determined if this Announcement is adequate, accurate or complete.

If Bidco were to elect to implement the Acquisition by means of a Takeover Offer, such Takeover Offer would be made in compliance with applicable US laws and regulations, including to the extent applicable Section 14I of the US Exchange Act and Regulation 14E thereunder, and in accordance with the Takeover Code. Such a takeover would be made in the United States by Bidco and no one else.

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

It may be difficult for US holders to enforce their rights and any claims arising out of the US federal securities laws, since STM is located in a country other than the US, and all of its officers and directors are residents of countries other than the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of 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.

In accordance with normal UK practice and consistent with Rule 14e-5 under the US Exchange Act, Bidco, certain affiliated companies and the nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, shares in STM outside of the US, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and will comply with applicable law, including to the extent applicable the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available

on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com) and via SENS. This information will also be publicly disclosed in the US to the extent that such information is made public in the UK.

### **Forward Looking Statements**

This Announcement (including information incorporated by reference in the Announcement), oral statements made regarding the Acquisition, and other information published by Bidco and STM contain certain forward-looking statements, beliefs or opinions, with respect to the financial condition, results of operations and business of Bidco and STM. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "envisage", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by STM, and/or Bidco, in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this Announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given by STM and Bidco that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Announcement. Neither STM nor Bidco nor Pension SuperFund Capital assumes any obligation and STM and Bidco and Pension SuperFund Capital disclaim any intention or obligation, to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise), except as required by applicable law or regulation (including under the AIM Rules).

**EXCEPT AS EXPRESSLY PROVIDED IN THE ANNOUNCEMENT, THE FORWARD-LOOKING STATEMENTS HAVE NOT BEEN REVIEWED BY THE AUDITORS OF STM, PENSION SUPERFUND CAPITAL OR BIDCO OR THEIR RESPECTIVE FINANCIAL ADVISERS. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD SIGNIFICANTLY AFFECT EXPECTED RESULTS AND ARE BASED ON CERTAIN KEY ASSUMPTIONS. THERE ARE SEVERAL FACTORS WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR IMPLIED IN FORWARD-LOOKING STATEMENTS. AMONG THE FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE DESCRIBED IN THE FORWARD-LOOKING STATEMENTS IS THE SATISFACTION OF THE CONDITIONS, AS WELL AS ADDITIONAL FACTORS SUCH AS CHANGES IN GLOBAL, POLITICAL, ECONOMIC, BUSINESS, COMPETITIVE, MARKET AND REGULATORY FORCES, FUTURE EXCHANGE AND INTEREST RATES, CHANGES IN TAX RATES AND FUTURE BUSINESS COMBINATIONS OR DISPOSITIONS. SUCH FORWARD LOOKING STATEMENTS SHOULD THEREFORE BE CONSTRUED IN THE LIGHT OF SUCH FACTORS. NEITHER BIDCO NOR STM, NOR ANY OF THEIR RESPECTIVE ASSOCIATES OR DIRECTORS, OFFICERS OR ADVISERS, PROVIDES ANY REPRESENTATION, ASSURANCE OR GUARANTEE THAT THE OCCURRENCE OF THE EVENTS EXPRESSED OR IMPLIED IN ANY FORWARD-LOOKING STATEMENTS IN THIS ANNOUNCEMENT WILL ACTUALLY OCCUR.**

### **No Profit Forecasts, Estimates or Quantified Benefits Statements**

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

### **Disclosure Requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover 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 10th Business Day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th Business Day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover 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(s), 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.

### **Electronic Communications**

Please be aware that addresses, electronic addresses and certain information provided by STM Shareholders 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 Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

### **Publication on Website and Availability of Hard Copies**

A copy of this Announcement and the documents required to be published by Rule 26 of the Takeover Code shall be made available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on STM's website at <https://www.stmgrouplc.com/possible-offer-for-stm-group-plc> by no later than 12 noon (London time) on 10 October 2023. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this Announcement.

STM Shareholders may request hard copies of this Announcement by contacting Computershare Investor Services (Jersey) Limited at 13 Castle Street, St. Helier, Jersey CI, JE1 1ES or on +44 (0)370 707 4040 between 9:00 a.m. and 5:00 p.m. (London time) Monday to Friday (public holidays excepted). Calls to this number from persons who are not resident in Jersey 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. If you have received this Announcement in

*electronic form, copies of this Announcement and any document or information incorporated by reference into this Announcement will not be provided unless such a request is made.*

### ***Rounding***

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

### ***General***

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are a resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.*

*This Announcement and any rights or liabilities arising hereunder and the Acquisition will be governed by English law and/or Isle of Man law (as applicable) and subject to the applicable requirements of the Companies Act, the Court, the Financial Conduct Authority, the London Stock Exchange, the Panel, the Takeover Code and the AIM Rules.*

## APPENDIX I

### CONDITIONS AND CERTAIN FURTHER TERMS OF THE SCHEME AND THE ACQUISITION

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

The Acquisition will be conditional upon the Scheme becoming unconditional and effective in accordance with its terms, subject to the Takeover 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 Scheme 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 the Scheme 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 Independent 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 the Scheme 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 Document and all documents required to be annexed thereto, by the Companies Registry; 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 the Scheme 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; (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 taken 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 Takeover 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 this 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 this 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 Takeover 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 Takeover Code, Bidco may only invoke a Condition to the Acquisition that is subject to Rule 13.5(a) of the Takeover 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 Appendix 1 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 Takeover Code. Any Condition that is subject to Rule 13.5(a) of the Takeover Code may be waived by Bidco.
4. Under Rule 13.6 of the Takeover 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 Takeover 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 after the date of this Announcement, 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 Announcement 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 Takeover 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 certain further conditions and terms set out in this Appendix I to this Announcement and to the full terms which will be set out in the Scheme 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 Takeover Code and the AIM Rules. This Announcement 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.

## APPENDIX II

### SOURCES OF INFORMATION AND BASES OF CALCULATION

In this Announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

- i. As at the Latest Practicable Date, there were 59,408,088 STM shares in issue; and no shares held in treasury.
- ii. Unless otherwise stated, financial information relating to STM has been extracted or derived (without adjustment) from the audited consolidated financial statements for STM for the financial year ended 31 December 2022.
- iii. 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 (i) above.
- iv. Certain figures in this Announcement have been subject to rounding adjustments.
- v. The value of the Acquisition is calculated based on the total issued and to be issued STM Shares as set out in point iii above.
- vi. Unless otherwise stated, all prices, closing prices and volume average weighted share prices for STM Shares are derived from FactSet.

## APPENDIX III

### IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

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

#### Part A: Independent STM Directors' Irrevocable Undertakings

Name of STM Director	Number of STM Shares in respect of which undertaking is given	Percentage of STM issued share capital in respect of which undertaking is given
Therese Neish	492,756	0.83

#### Part B: Independent STM Shareholder Irrevocable Undertakings

Each of the following Independent STM Shareholders have given irrevocable undertakings to vote (or procure the voting, as applicable) in favour of the Scheme Resolution at the Court Meeting and the GM Resolutions at the General Meeting in respect of their beneficial holdings of STM Shares.

Independent STM Shareholder	Number of STM Shares in respect of which undertaking is given	Percentage of STM issued share capital in respect of which undertaking is given
Timothy Revill (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

#### Part C: Alan Kentish and Clifton Participations Limited Irrevocable Undertakings

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



STM Shareholder	Number of STM Shares in respect of which undertaking is given	Percentage of STM issued share capital in respect of which undertaking is given
Alan Kentish and close family	1,526,750	2.57%
Clifton Participations Limited	5,552,150	9.35%

*\*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.*

## APPENDIX IV

### DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

<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 Announcement), and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange;
<b>“AIM Rules”</b>	the rules of AIM as set out in the “AIM Rules for Companies” issued by the London Stock Exchange from time to time relating to AIM traded securities and the operation of AIM;
<b>“Alan Kentish”</b>	Alan Roy Kentish, a director and shareholder of STM
<b>“Announcement”</b>	this announcement;
<b>“Articles”</b>	the articles of association of STM from time to time;
<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>“Business Day”</b>	a day (other than Saturdays, Sundays and public holidays in the United Kingdom and the Isle of Man) on which banks are open for business in the City of London or the Isle of Man;
<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 Announcement;
<b>“Cavendish”</b>	Cavendish Capital Markets Limited;
<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 Appendix I to this Announcement and to be set out in the Scheme Document and “Condition” means any one 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 13 of this Announcement;
<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 will be set out in the Scheme 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>“Davy”</b>	Davy Capital Markets UK;
<b>“DCU Conditions”</b>	as defined in paragraph 12 of this Announcement;
<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 Disclosure”</b>	has the same meaning as in Rule 8 of the Takeover Code;
<b>“Deferred Consideration Units”</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 Announcement; (iii) in any other announcement to a Regulatory Information Service by or on behalf of STM prior to the publication of this Announcement; or (iv) as otherwise fairly disclosed to Bidco (or its respective officers, employees, agents or advisers) prior to the date of this Announcement (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>“Effective Date”</b>	the date on which: (i) 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 Takeover Code and <b>“Effective”</b> shall be construed accordingly;
<b>“Enlarged Group”</b>	the enlarged group following the Acquisition comprising STM and its subsidiaries (excluding the SIPPs Companies), and the Wider Bidco Group;
<b>“Euroclear”</b>	Euroclear UK and International Limited;
<b>“Excluded Shares”</b>	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; or (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;

**“Facilities Agreement”**

a facilities agreement originally dated 11 August 2023 (as amended and restated on or immediately prior to the date of this Announcement) between, amongst others, PSF Capital Reserve L.P. (as borrower), Pension SuperFund Capital GP II Limited (as general partner of PSF Capital Reserve L.P.) and NatWest;

**“FCA” or “Financial Conduct Authority”**

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) or any successor or regulatory body;

**“Forms of Proxy”**

the forms of proxy in connection with each of the Court Meeting and the General Meeting, which will accompany the Scheme Document;

**“FSA 2019”**

Financial Services Act 2019 (as amended and in force in Gibraltar from time to time);

**“General Meeting”**

the general meeting of STM Shareholders (including any adjournment thereof) to be convened in connection with the Scheme, notice of which shall be set out in the Scheme Document;

**“GFSC”**

Gibraltar Financial Services Commission (or its successor body or bodies from time to time);

**“GM Resolutions”**

together, the Rule 16 Resolution and the Other GM Resolution;

**“Independent STM Directors”**

the directors of STM, excluding Alan Kentish;

**“Independent STM Shareholders”**

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 Takeover Code;

**“Latest Practicable Date”**

9 October 2023 (being the latest practicable date prior to the publication of this Announcement);

<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 12 of this Announcement;
<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>"MAR"</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>“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>“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>“MBO Condition”</b>	Condition 2(d) of Appendix I to this Announcement;
<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 sale of the SIPP Businesses to Pathlines Holdings Limited

<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>“Offer Period”</b>	the offer period (as defined by the Takeover 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 Takeover Code;
<b>“Other GM Resolution”</b>	the resolution proposed to be passed at the 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 Panel on Takeovers and Mergers;
<b>“Pathlines Holdings Limited”</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>“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>“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>“Regulatory Conditions”</b>	Conditions 2(a) to (c) of Appendix I to this Announcement;
<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>“Restricted Jurisdiction”</b>	any jurisdiction into which, or from which, making the Acquisition or this Announcement 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 General Meeting (or any adjournment thereof) in accordance with Rule 16 of the Takeover 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>	the document 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>	the time and date specified in the Scheme Document by reference to which the entitlements of Scheme Shareholders under the Scheme will be determined, currently expected to be 6.00 p.m. on the Business Day immediately prior to the Effective Date;



<b>“Scheme Resolution”</b>	the resolution to be proposed at the Court Meeting in relation to the Scheme;
<b>“Scheme Shareholders”</b>	holders of Scheme Shares from time to time;
<b>“Scheme Shares”</b>	<p>STM Shares:</p> <p>(a) in issue as at the date of the Scheme Document;</p> <p>(b) (if any) issued after the date of the Scheme Document and prior to the Scheme Voting Record Time; and</p> <p>(c) (if any) issued on or after the Scheme 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,</p> <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 Takeover Code at the Scheme Voting Record Time. For the avoidance of doubt, any STM Shares held by the MBO Shareholders and any person acting in concert with them (other than any director of the Company) for the purposes of the Takeover Code shall still be subject to the terms of the Scheme;</p>
<b>“Scheme Voting Record Time”</b>	the time and date specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined;
<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% 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% interest in Options UK Personal Pensions LLP held by STM;
<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 Board” or “STM Directors”</b>	the board of directors of STM from time to time and <b>“STM Director”</b> shall mean any one of them;
<b>“STM Group”</b>	STM and its subsidiary undertakings and, where the context permits, each of them, from time to time;
<b>“STM Shareholders” or “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 £0.0001 each in the share capital of STM and any further such fully paid ordinary shares issued before the Scheme becomes Effective, but in both cases excluding any such shares held or which become held as treasury shares;

<b>“Takeover Code”</b>	the City Code on Takeovers and Mergers;
<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 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;
<b>“tPR Condition”</b>	Condition 2(a) of Appendix I to this Announcement;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof;
<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended;
<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 and 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 Announcement, “**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 Announcement are London (UK) times unless otherwise stated.

References to the singular include the plural and vice versa.