

To: PSF Capital GP II Limited as general partner of PSF Capital Reserve LP

7 September 2023

Dear Sir/Madam:

Proposed acquisition of STM Group plc (“STM”)

Following the announcement by STM and PSF Capital GP II Limited, as general partner of PSF Capital Reserve LP (“PSF”), on 5 September 2023, where PSF and STM have reached an agreement in principle on the key terms of a possible offer by a newly formed PSF owned entity for all the issued and to be issued ordinary share capital of STM at a revised price of 67 pence per ordinary share (the “**Revised 2.4 Announcement**” and such transaction being the “**Transaction**”). As stated in the Revised 2.4 Announcement, we understand that the Transaction will be conditional upon a management buyout of parts of the STM business, comprising STM’s SIPPs and Mastertrust businesses, to be led by Alan Kentish and the UK executive team (the “**MBO**”). We note that the Board has formed a sub-committee to evaluate the Transaction to facilitate compliance with Rule 16 of the UK Takeover Code and Rule 13 of the AIM Rules for Companies.

We understand that any offer will be implemented by way of a court sanctioned scheme of arrangement (including any new, increased, renewed or revised scheme of arrangement, the “**Scheme**”) under Part X of the Isle of Man Companies Act 2006.

1. Representations, Warranties and Undertakings

1.1 We hereby represent, warrant and irrevocably and unconditionally undertake to PSF that:

- 1.1.1 we are the registered holder and beneficial owner of the number of fully paid up ordinary shares of £0.001 each in the capital of STM (the “**Shares**”) specified in the Schedule hereto and have full power and authority and the right (free from any legal or other restriction, including any lien, charge, option, equity, encumbrance or other third party interest of any nature whatsoever), and will at all times continue to have all relevant power and authority and the right, to enter into this Undertaking, to perform the obligations in this Undertaking in accordance with its terms, to exercise (or procure the exercise of) all voting rights attaching to the Shares and otherwise to take all necessary actions (or procure that they are taken) to approve the Scheme in respect of, and to transfer, the Shares;
- 1.1.2 we are not interested in any other securities of STM and we do not have any rights to subscribe, purchase or otherwise acquire any of the securities of STM;
- 1.1.3 other than pursuant to the Scheme, we shall not:
 - (a) sell, transfer, charge, encumber, create or grant any option, equity, third party right or lien over or otherwise dispose of (or permit any such actions to occur in respect of) any interest in any Shares;
 - (b) accept, or give any undertaking (whether conditional or unconditional) or letter of intent to accept or otherwise agree to any offer, scheme of arrangement, merger or other business combination made or proposed to be made in respect of securities in STM by any person other than PSF, in each case in respect of the Shares;
 - (c) purchase or acquire or otherwise deal or undertake any dealing in any Shares without prior confirmation from the Panel on Takeovers and Mergers (the “**Panel**”) that we are not deemed to be acting in concert with PSF in connection with the possible acquisition by PSF of all the issued and to be issued ordinary share capital of STM;

- (d) vote the Shares in favour of any resolution to approve any transaction or other corporate action which is proposed in competition with or which might otherwise frustrate, impede or delay the Transaction; or
- (e) enter into any agreement or arrangement, incur any obligation or give any indication of intent (or permit such circumstances to occur) in relation to, or operating by reference to, the Shares, or to do all or any of the acts referred to in paragraphs (a), (b), (c) or (d)(d) above, whether or not legally binding or subject to any condition, or which is to take effect upon or following the Scheme lapsing or being withdrawn, or upon or following this Undertaking ceasing to be binding, or upon or following any other event, which in any case would or might restrict or impede giving effect to the Scheme by any person or our ability to comply with this Undertaking;

1.2 We hereby irrevocably undertake to PSF, provided always that the offer price pursuant to the Transaction and / or the Scheme and / or any offer to be made by PSF is no less than 67 pence in cash per ordinary share of STM, to:

- 1.2.1 exercise, or procure the exercise of, all voting rights attaching to the Shares to vote in favour of all resolutions to approve the Scheme, and any related matters (including any shareholder resolution to approve the MBO), proposed at any general or class meeting ("**General Meeting**") and Court-convened meeting ("**Court Meeting**") of STM to be convened and held in connection with the Scheme (or in connection with the MBO), or at any adjournment of any such meeting;
- 1.2.2 execute or submit (or procure the execution or submission of) and/or lodge (or procure the lodgement of) by 1.00 p.m. on the fifth business day after STM publishes the scheme document setting out the terms and conditions of the Scheme, subject to such terms and conditions being customary in nature and the price being no less than 67 pence in cash per ordinary share (the "**Scheme Document**") to STM shareholders, and not revoke or amend, all relevant forms of proxy or related instructions in respect of all of the Shares validly appointing any person nominated by PSF to attend and vote at any General Meeting or Court Meeting (or any adjournment) thereof in respect of any of the foregoing resolutions;
- 1.2.3 not revoke or amend any proxy submitted in accordance with paragraph 1.2.2, either in writing or by attendance at any General Meeting or Court Meeting (or any adjournment thereof) or otherwise; and
- 1.2.4 execute (or procure the execution of) all such documents or do (or procure the doing of) such acts and things as may be necessary or desirable to be executed or done by us for the purposes of giving effect to the Scheme in respect of the Shares, promptly following your request;

1.3 To the extent within our control:

- 1.3.1 we shall not exercise any of the voting rights attached to the Shares (or shall procure that none of the voting rights attached to the Shares are exercised) at the Court Meeting or the General Meeting other than in accordance with this Undertaking;
- 1.3.2 we shall exercise (or procure the exercise of) the voting rights attached to the Shares against any resolution which (i) might prevent or delay implementation of the Scheme; or (ii) purports to approve or give effect to a proposal by a person other than PSF, to acquire (or have issued to it) shares in the capital of STM (whether by way of scheme of arrangement or otherwise) or any assets of STM; and

- 1.3.3 we shall not take any action or make any statement which may have the effect of delaying, disrupting or otherwise causing the Scheme not to become effective at the earliest practicable time or at all, or which is or may be prejudicial to the success of the Acquisition.

2. Consents

We agree to:

- 2.1 promptly inform you of all information you may require in order to comply with the requirements of the City Code on Takeovers and Mergers (as amended from time to time) (the “Code”), the Panel, the Court or of other applicable laws or regulations and immediately notify you in writing of any material change in the accuracy or import of any such information and consent to the public disclosure of such information; and
- 2.2 the issue of the Scheme Document, or any announcement or document issued or made in connection with the Transaction, with references to us and to particulars of this Undertaking included and this Undertaking being available for inspection during the offer in accordance with Rule 26.2 of the Code and as required by applicable law and regulations.

3. Lapse of Undertaking

- 3.1 Prior to the release by PSF of an announcement of a firm intention to make an offer for STM under Rule 2.7 of the Code (the “**Rule 2.7 Announcement**”), all of our obligations pursuant to this Undertaking will lapse and cease to have effect on the earlier of the following occurrences:
- 3.1.1 PSF releases an announcement that it does not intend to proceed with the possible offer (under Rule 2.8 of the Code); or
- 3.1.2 PSF has otherwise not released the Rule 2.7 Announcement, by 5 PM London time on 27 September 2023.
- 3.2 Following the release by PSF of the Rule 2.7 Announcement, all of our obligations pursuant to this Undertaking will lapse and cease to have effect on the earlier of the following occurrences:
- 3.2.1 if the Scheme lapses or is withdrawn in accordance with its terms, unless (i) a new, revised or replacement Scheme has been announced, in accordance with Rule 2.7 of the Code, in its place; or (ii) PSF has publicly confirmed that it intends to proceed with the Transaction or to implement the Transaction by way of a takeover offer (which shall be an offer for the purposes of the Isle of Man Companies Act 2006) (“**Offer**”), in each case within 10 business days of such lapse or withdrawal and provided always that the offer price is no less than 67 pence in cash per ordinary share of STM; or
- 3.2.2 the Scheme has not become effective by 11:59 p.m. (London time) on the Long Stop Date (as defined in the Rule 2.7 Announcement) (or such later time and/or date as agreed between PSF and STM, with the approval of the Court and/or the Panel if required), other than in circumstances where PSF has, prior to such date, elected to exercise its right to proceed by way of an Offer.
- 3.3 All of our obligations pursuant to this Undertaking will also lapse and cease to have effect in the event that the offer price included in any announcement of a firm intention to make an offer for STM under Rule 2.7 of the Code made by PSF is less than 67 pence in cash per ordinary share of STM.
- 3.4 If the obligations in this Undertaking lapse, we shall have no claim against PSF and PSF shall not have any claim against us other than in respect of any prior breach of any of the terms of this Undertaking.

4. **Announcing and implementing the Transaction**

We acknowledge that the release of the Revised 2.4 Announcement and the Rule 2.7 Announcement is at PSF's absolute discretion. For the avoidance of doubt, nothing in this Undertaking shall oblige PSF to announce or proceed with the Scheme or the Transaction. We also acknowledge that PSF will effect the Transaction through a newly formed vehicle and references to PSF shall be construed accordingly.

5. **Takeover Bid or Scheme of Arrangement**

5.1 We note that PSF reserves the right to implement the Transaction by way of an Offer, whether or not such Offer is recommended, and whether or not the Scheme is first announced. In the event that it is so implemented, we confirm and agree that this Undertaking shall continue to be binding *mutatis mutandis* in respect of the Shares and all references to the Scheme shall, where the context permits, be read as references to the Offer (or to both the Scheme and the Offer, as appropriate). Notwithstanding the generality of the foregoing, references in this Undertaking to voting in favour of the Scheme and voting in favour of the resolutions to be proposed at the Court Meeting and/or the General Meeting shall be read and construed as references to accepting the Offer in respect of the Shares, which acceptances in such circumstances shall be tendered within five business days of publication of the formal document containing the Offer to STM shareholders (provided always that the terms and conditions set out in the formal document are customary in nature and the offer price is no less than 67 pence in cash per ordinary share of STM) and even if the terms of the Offer give accepting shareholders the right to withdraw acceptances, I shall not withdraw any acceptances in respect of the Shares (and I shall procure that any such acceptances in respect of the Shares are not withdrawn).

6. **Other**

6.1 As regards to any time, date or period referred to in this Undertaking, time shall be of the essence.

6.2 We agree that damages would not be an adequate remedy for breach of this Undertaking and, accordingly, PSF shall be entitled to the remedies of specific performance, injunction or other equitable remedies.

6.3 In this Undertaking, references to:

6.3.1 "**Transaction**" shall include any new, increased, renewed or revised acquisition proposals for STM made by or on behalf of PSF howsoever implemented;

6.3.2 "**business day**" and "**dealing**" shall be interpreted in accordance with the Code as from time to time amended and interpreted by the Panel; and

6.3.3 being "**interested in**" or having "**interests in**" shares or securities shall be construed in accordance with the Code as from time to time amended and interpreted by the Panel.

7. **Governing Law and Jurisdiction**

This Undertaking and all non-contractual obligations arising from or in connection with this Undertaking are governed by and construed in accordance with English law. We submit to the exclusive jurisdiction of the English courts to settle any dispute arising from or connected with this Undertaking (a "**Dispute**") (including a dispute regarding the existence, validity or termination of this Undertaking or relating to any non-contractual or other obligation arising out of or in connection with this Undertaking or its formation). We agree that the English courts are the most appropriate and convenient courts to settle any Dispute and accordingly, will not argue to the contrary.

SCHEDULE

1	2	3
No. of ordinary shares of £0.001 in STM	Exact name(s) of registered holder as appearing on the register of members#	Beneficial owner#
5,900,000	HSBC GLOBAL CUSTODY NOMINEE UK LIMITED	Peter Gyllenhammar


Where more than one, please indicate number of shares attributable to each.

IN WITNESS WHEREOF this document has been duly executed as a deed and is intended to be and is hereby delivered on the date first above written.

SIGNED as a **DEED** and
DELIVERED by
Peter Gyllenhammar

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SIGNATURE:



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In the presence of:

Witness

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SIGNATURE:



NAME:



ADDRESS:

