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**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION**

14 October 2019

**RECOMMENDED CASH ACQUISITION**

**of**

**SOPHOS GROUP PLC**

**by**

**SURF BUYER LIMITED**

**(a newly formed company owned by funds managed and/or advised by Thoma Bravo, LLC)**

**to be effected by means of a Scheme of Arrangement under Part 26 of the Companies Act 2006**

**Summary**

- The board of directors of Surf Buyer Limited ("**Bidco**") and the board of directors of Sophos Group plc ("**Sophos**") (the "**Sophos Board**" or the "**Sophos Directors**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of Sophos (the "**Acquisition**"). The Acquisition will be implemented by way of a scheme of arrangement.
- Under the terms of the Acquisition, each Sophos Shareholder will be entitled to receive:

**For each Sophos Share: \$7.40 in cash**

- The GBP equivalent value of the Acquisition price based on the Announcement Exchange Rate, being 583 pence, represents a premium of approximately:
  - 37.1% to the Closing Price of 425.5 pence per Sophos Share on 11 October 2019 (being the last Business Day before the date of this announcement); and

- 45.6% to the daily volume weighted average price of 400.6 pence per Sophos Share during the six month period ended 11 October 2019 (being the last Business Day before the date of this announcement).
- The Acquisition values the entire issued and to be issued share capital of Sophos at approximately \$3,820 million on a fully diluted basis and implies an enterprise value of \$3,948 million (which is equivalent to £3,012 million and £3,113 million respectively based on the Announcement Exchange Rate) and a multiple of approximately 32 times Sophos' unlevered free cash flow of \$124 million for the year ended 31 March 2019.
- Bidco will procure that a facility will be made available under which Sophos Shareholders will be able to elect (subject to the terms and conditions of the facility) to receive cash consideration in GBP (after deduction of any transaction or dealing costs associated with the conversion) at the applicable market exchange rate on the latest practicable date for fixing such rate prior to the relevant payment date. Further details of this facility and the election by Sophos Shareholders wishing to receive their cash consideration in GBP will be set out in the Scheme Document and the Form of Election. On the basis of the Announcement Exchange Rate, the cash consideration implies an equivalent value of 583 pence per Sophos Share. For any Sophos Shareholder electing to be paid their cash consideration in GBP, the amount per Sophos Share received may, depending on the prevailing exchange rate, result in a payment below or above 583 pence per Sophos Share.
- 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 Sophos Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Sophos Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. In light of this, the Sophos Directors do not intend to declare an interim dividend when they announce Sophos' interim results, scheduled for 6 November 2019.

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

- Thoma Bravo, LLC ("**Thoma Bravo**") believes that the acquisition of Sophos represents an attractive opportunity to increase its exposure to the large and growing cybersecurity market. Sophos is a global leader in next-generation cybersecurity solutions spanning endpoint, next-generation firewall, cloud security, server security, managed threat response, and more. Sophos solutions are designed to be highly innovative and effective, and at the same time simple and intuitive for organizations of all sizes. Sophos Central, a cloud-native management platform, integrates Sophos' entire portfolio of next-generation products into a single "synchronized security" system accessible through APIs available to reseller and MSP partners, customers, and other vendors. Sophos is differentiated in the innovation and effectiveness of its next-generation security offerings; the ability to manage all those products in a single cloud-based management platform; the deep interoperability,

coordination, and automation of its products; and the global reach of its "channel first" distribution strategy.

- Since inception, Sophos has grown substantially through organic development as well as through strategic acquisitions and today has established itself as a leading global provider of cloud-enabled next-generation end user and network security solutions with over 400,000 customers in more than 150 countries, over 47,000 channel partners and more than 100 million users.
- Thoma Bravo recognizes Sophos' management's track record driven by its innovative, simple and highly effective solutions, extensive partner network, and strong retention and renewal rates. Thoma Bravo believes that Sophos' significant investments in technology, products, and expertise are enabling the company to successfully evolve into a next-generation security leader with a significant opportunity to enhance its services offering. Thoma Bravo's expertise with cybersecurity software companies, strong operational framework, and its deep experience guiding companies through successful business model and technology transitions will enable it to accelerate Sophos' growth, enhance profitability, and further improve performance.

### **Recommendation**

- The Sophos Directors, who have been so advised by J.P. Morgan Cazenove, Lazard, and UBS AG London Branch as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice to the Sophos Directors, each of J.P. Morgan Cazenove, Lazard, and UBS AG London Branch have taken into account the commercial assessments of the Sophos Directors. Lazard is providing independent financial advice to the Sophos Directors for the purposes of Rule 3 of the Takeover Code.
- Accordingly, the Sophos Directors intend to recommend unanimously that Sophos Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the General Meeting, as the Sophos Directors who hold Sophos Shares have irrevocably undertaken to do in respect of their own beneficial holdings totalling 3,825,706 Sophos Shares (representing approximately 0.8% of existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement).

### **Irrevocable undertakings**

- In addition to the irrevocable undertakings of the Sophos Directors who hold Sophos Shares described above, Bidco has also received an irrevocable commitment to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from the Pentagon Lock Entities (which are owned by funds advised by Apax Partners LLP), Peter Lammer and Jan Hruska in respect of 129,154,270 Sophos Shares (representing approximately 26.5% of the existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement).
- In total therefore, Bidco has procured irrevocable commitments to vote in favour of the resolutions relating to the Acquisition at the Meetings,

including those from the Sophos Directors who own Sophos Shares, in respect of, in aggregate, 132,979,976 Sophos Shares (representing approximately 27.2% of existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement). Further details of these irrevocable undertakings (including the circumstances in which they cease to be binding) are set out in Appendix 3 to this announcement.

### **Information on Bidco and Thoma Bravo**

- Bidco is a newly incorporated company, formed on behalf of funds managed and/or advised by Thoma Bravo.
- Thoma Bravo is a leading private equity investment firm that has been providing equity and strategic support to experienced management teams, building growing companies for nearly 40 years. The firm's partners pioneered the concept of "industry consolidation" or "buy-and-build" investing for private equity, which seeks to create value through the strategic use of acquisitions to accelerate business growth.

Thoma Bravo currently manages a series of private equity funds representing more than \$35 billion of capital commitments. In the software industry, Thoma Bravo is one of the most active private equity firms, having completed more than 200 acquisitions representing over \$50 billion in aggregate enterprise value.

### **Timetable and Conditions**

- It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement).
- The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement along with certain other terms; the full terms and conditions will be provided in the Scheme Document.
- It is expected that the Scheme Document, containing further information about the Acquisition and notices of the Court Meeting and Sophos General Meeting, together with the Form of Election and associated forms of proxy, will be posted to Sophos Shareholders within 28 days of this announcement (or such later time as Sophos, Bidco and the Panel agree) and the Meetings are expected to be held shortly thereafter. The Acquisition is currently expected to complete during the first quarter of 2020, subject to receipt of the relevant competition clearances and regulatory approvals. An expected timetable of key events relating to the Acquisition will be provided in the Scheme Document.

### **Sophos trading update**

- Business momentum has remained encouraging during Q2 FY20 and the first half of the financial year. Sophos expects to report 9% constant currency billings growth for the six-months to the end of September, with continued growth in both end-user and network security, 12% constant currency growth in subscription billings, a modest year-on-year improvement in the net renewal rate and growth in

business from brand new customers. Sophos is scheduled to report its full interim results on 6 November 2019.

Commenting on the Acquisition, Peter Gyenes, Chairman of Sophos said:

*"It is the view of the Sophos Board that this is a compelling offer for Sophos shareholders which secures the delivery of future value for shareholders today. Thoma Bravo has deep sector expertise in cybersecurity software as well as a long and successful track record of partnering with and investing in its portfolio companies to support long-term growth and success. Under Thoma Bravo's ownership we expect Sophos to accelerate its evolution and leadership in next-generation cybersecurity. The Sophos Board believes that this recommended offer delivers a significant opportunity for all stakeholders - our shareholders, customers, partners, and employees."*

Commenting on the Acquisition, Seth Boro, a Managing Partner at Thoma Bravo said:

*"We are excited by the opportunity to partner with the Sophos management team and employees as we further develop Sophos as a best-in-class software franchise and nextgen security leader. The Acquisition fits with our strategy of investing in and growing software and technology businesses globally. The global cybersecurity market is evolving rapidly, driven by significant technological innovation, as cyber threats to business increase in scope and complexity. Sophos has a market-leading product portfolio and we believe that, by applying Thoma Bravo's expertise, operational framework and experience, we can support the business and accelerate its evolution and growth."*

**This summary should be read in conjunction with the following announcement and the Appendices. The conditions to, and certain further terms of, the Acquisition are set out in Appendix 1. The bases and sources for certain financial information contained in this announcement are set out in Appendix 2. Details of undertakings received by Bidco are set out in Appendix 3. Certain definitions and terms used in this announcement are set out in Appendix 4.**

**Enquiries:**

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Kirkland & Ellis International LLP is acting as legal adviser to Thoma Bravo and Bidco.

Slaughter and May is acting as legal adviser to Sophos.

### **Further information**

*Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, and Goldman Sachs & Co. LLC (together, "Goldman Sachs") are acting exclusively for Bidco and Thoma Bravo as financial advisers and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco and Thoma Bravo for providing the protections afforded to clients of Goldman Sachs, nor for providing advice in connection with the Acquisition, the content of this announcement or any matter referred*

*to herein. Neither Goldman Sachs nor any of Goldman Sachs' 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 Goldman Sachs in connection with this announcement, any statement contained herein or otherwise.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Sophos and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Sophos for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.*

*Lazard & Co., Limited ("Lazard"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to Sophos and no one else in connection with the Acquisition and will not be responsible to anyone other than Sophos for providing the protections afforded to clients of Lazard nor for providing advice in connection with the Acquisition or any other matter referred to herein. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with the Acquisition, any statement contained herein or otherwise.*

*UBS AG London Branch ("UBS") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. UBS is acting exclusively as financial adviser to Sophos and no one else for the purpose of the Acquisition and will not be responsible to anyone other than Sophos for providing the protections offered to clients of UBS nor for providing advice in relation to the Acquisition or any transaction, arrangement or other matter referred to herein.*

*In accordance with the Takeover Code, Goldman Sachs International, J.P. Morgan Cazenove and UBS and their respective affiliates will continue to act as exempt principal trader in Sophos securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code 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 United States to the extent that such information is made public in the United Kingdom.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the 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 decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

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

### **Overseas Shareholders**

*This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The availability of the Acquisition to Sophos Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Sophos 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 located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, 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 Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

### **Notice to US investors in Sophos**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation*



*rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the United Kingdom 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 United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations.*

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

*US Sophos Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Sophos Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.*

### **Forward Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Sophos contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Sophos about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Sophos (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved (or, in each case, their negative or other variations). Although Bidco and Sophos believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Sophos can give no assurance that such expectations will prove to be correct. 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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Sophos operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Sophos operate, the consequences in the UK and globally from the withdrawal of the UK from the European Union, and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Sophos, 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. You are cautioned not to place any reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, neither Bidco nor Sophos is under any obligation, and Bidco and Sophos expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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% 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 pm 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 Takeover 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.*

### **Publication on a website**

*This announcement and the documents required to be published pursuant to Rule 26 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Sophos' website at [investors.sophos.com](http://investors.sophos.com) promptly and in any event by no later than 12 noon on 15 October 2019. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

### **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 Sophos for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Sophos.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, Sophos Shareholders, persons with information rights and participants in Sophos Share Plans may request a hard copy of this announcement by contacting Sophos' registrars, Link Asset Services, during business hours on +44 (0)371 664 0321 or at Link Asset Services 34 Beckenham Road Beckenham Kent BR3 4TU. For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

### **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by Sophos Shareholders, persons with information rights and other relevant persons for the receipt of communications from Sophos may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).*

### **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 figures that precede them.*

## **Rule 2.9 of the Takeover Code**

*For the purposes of Rule 2.9 of the Takeover Code, Sophos confirms that, as at the date of this announcement, it had in issue 488,148,285 ordinary shares of 3 pence each (excluding shares held in treasury). The ISIN for the shares is GB00BYZFZ918.*

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**(a newly formed company owned by funds managed and/or advised by  
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**to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

### **1. Introduction**

The board of directors of Surf Buyer Limited ("**Bidco**") and the board of directors of Sophos Group plc ("**Sophos**") (the "**Sophos Board**" or the "**Sophos Directors**") are pleased to announce that they have reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of Sophos (the "**Acquisition**").

It is intended that the Acquisition will be implemented by way of a court-sanctioned scheme of arrangement under Part 26 of the 2006 Act (although Bidco reserves the right to effect the Acquisition by way of an Offer, subject to the consent of the Panel and the terms of the Cooperation Agreement). The Conditions to the Acquisition are set out in full in Appendix 1 to this announcement.

### **2. The Acquisition**

The Acquisition, which will be on the terms and subject to the conditions set out below and in Appendix 1, and to be set out in the Scheme Document, will be made on the following basis:

**For each Sophos Share: \$7.40 in cash**

- The GBP equivalent value of the Acquisition price based on the Announcement Exchange Rate, being 583 pence, represents a premium of approximately:
  - 37.1% to the Closing Price of 425.5 pence per Sophos Share on 11 October 2019 (being the last Business Day before the date of this announcement); and
  - 45.6% to the daily volume weighted average price of 400.6 pence per Sophos Share during the six month period ended 11 October 2019 (being the last Business Day before the date of this announcement).
- The Acquisition values the entire issued and to be issued share capital of Sophos at approximately \$3,820 million on a fully diluted basis and implies an enterprise value of \$3,948 million (which is equivalent to £3,012 million and £3,113 million respectively based on the Announcement Exchange Rate) and a multiple of approximately 32 times Sophos' unlevered free cash flow of \$124 million for the year ended 31 March 2019.
- Bidco will procure that a facility will be made available under which Sophos Shareholders will be able to elect (subject to the terms and conditions of the facility) to receive cash consideration in GBP (after deduction of any transaction or dealing costs associated with the conversion) at the applicable market exchange rate on the latest practicable date for fixing such rate prior to the relevant payment date. Further details of this facility and the election by Sophos Shareholders wishing to receive their cash consideration in GBP will be set out in the Scheme Document and the Form of Election. On the basis of the Announcement Exchange Rate, the cash consideration implies an equivalent value of 583 pence per Sophos Share. For any Sophos Shareholder electing to be paid their cash consideration in GBP, the amount per Sophos Share received may, depending on the prevailing exchange rate, result in a payment below or above 583 pence per Sophos Share.
- The Sophos Shares will be acquired pursuant to the Acquisition fully paid and free from all liens, charges, equities, encumbrances, rights of pre-emption, and any other interests of any nature whatsoever and together with all rights attaching thereto, including without limitation voting rights and the right to receive and retain in full all dividends and other distributions (if any) announced, declared, made or paid with a record date on or after the Scheme Record Time.
- 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 Sophos Shares, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Sophos Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement to the consideration payable under

the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. In light of this, the Sophos Directors do not intend to declare an interim dividend when they announce Sophos' interim results, scheduled for 6 November 2019.

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

Thoma Bravo believes that the acquisition of Sophos represents an attractive opportunity to increase its exposure to the large and growing cybersecurity market. Sophos is a global leader in next-generation cybersecurity solutions spanning endpoint, next-generation firewall, cloud security, server security, managed threat response, and more. Sophos solutions are designed to be highly innovative and effective, and at the same time simple and intuitive for organizations of all sizes. Sophos Central, a cloud-native management platform, integrates Sophos' entire portfolio of next-generation products into a single "synchronized security" system accessible through APIs available to reseller and MSP partners, customers, and other vendors. Sophos is differentiated in the innovation and effectiveness of its next-generation security offerings; the ability to manage all those products in a single cloud-based management platform; the deep interoperability, coordination, and automation of its products; and the global reach of its "channel first" distribution strategy.

Since inception, Sophos has grown substantially through organic development as well as through strategic acquisitions and today has established itself as a leading global provider of cloud-enabled next-generation end user and network security solutions with over 400,000 customers in more than 150 countries, over 47,000 channel partners and more than 100 million users.

Thoma Bravo recognizes Sophos' management's track record driven by its innovative, simple and highly effective solutions, extensive partner network, and strong retention and renewal rates. Thoma Bravo believes that Sophos' significant investments in technology, products, and expertise are enabling the company to successfully evolve into a next-generation security leader with a significant opportunity to enhance its services offering. Thoma Bravo's expertise with cybersecurity software companies, strong operational framework, and its deep experience guiding companies through successful business model and technology transitions will enable it to accelerate Sophos' growth, enhance profitability, and further improve performance.

### **4. Recommendation**

The Sophos Directors, who have been so advised by J.P. Morgan Cazenove, Lazard and UBS AG London Branch as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing their financial advice to the Sophos Directors, each of J.P. Morgan Cazenove, Lazard and UBS AG London Branch have taken into account the commercial assessments of the Sophos Directors. Lazard is providing independent financial advice to the Sophos Directors for the purposes of Rule 3 of the Takeover Code.

Accordingly, the Sophos Directors intend to recommend unanimously that Sophos Shareholders vote in favour of the Scheme at the Court Meeting and the resolutions relating to the Acquisition at the General Meeting, as the Sophos Directors who hold Sophos Shares have

irrevocably undertaken to do in respect of their own beneficial holdings totaling 3,825,706 Sophos Shares (representing approximately 0.8% of existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement).

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

The Sophos Board believes that Sophos has a proven strategy to gain share in its target markets as a leader in next-generation cybersecurity solutions. Bidco's offer followed a number of discussions with Thoma Bravo subsequent to their initial non-binding proposal submitted in June 2019. The Sophos Board concluded the Acquisition can accelerate Sophos' progress in next-generation cybersecurity while securing the delivery of future value for shareholders today.

In considering the terms of the Acquisition, the Sophos Directors took into account a number of factors, including:

- the significant premium, in cash, of approximately 37.1% to the Closing Price of 425.5 pence per Sophos Share on 11 October 2019 (being the last Business Day before the date of this announcement) and approximately 45.6% to the daily volume weighted average price of 400.6 pence per Sophos Share during the six month period ended 11 October 2019 (being the last Business Day before the date of this announcement); and
- the enterprise value multiple implied by the Acquisition of approximately 32 times Sophos' unlevered free cash flow for the year ending 31 March 2019 of \$124 million.

The Sophos Directors also took account of Bidco's intentions for the business, management, employees and locations of business of Sophos. The Sophos Directors note the great importance attached by Bidco to the skills, knowledge and expertise of Sophos' management and employees. The Sophos Board also welcomes Bidco's confirmation that it does not intend to undertake any material restructurings or changes in location of Sophos' Abingdon, UK headquarters, operations or places of business.

## 6. **Irrevocable commitments**

Bidco has received irrevocable undertakings to vote (or, where applicable, procure voting) in favour of the resolutions relating to the Acquisition at the Meetings from all of the Sophos Directors who own Sophos Shares, in respect of their own beneficial holdings totalling 3,825,706 Sophos Shares (representing approximately 0.8% of existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement).

Bidco has also received an irrevocable commitment to vote in favour of the resolutions relating to the Acquisition at the Meetings (or in the event that the Acquisition is implemented by an Offer, to accept or procure acceptance of such Offer) from the Pentagon Lock Entities (which are owned by funds advised by Apax Partners LLP), Jan Hruska and Peter Lammer, in respect of their 129,154,270 Sophos Shares (representing approximately 26.5% of existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement).

In total therefore, Bidco has procured irrevocable commitments to vote in favour of the resolutions relating to the Acquisition at the Meetings, including those from the Sophos Directors in respect of, in aggregate, 132,979,976 Sophos Shares (representing approximately 27.2% of existing issued ordinary share capital of Sophos) as at 11 October 2019 (being the last Business Day before the date of this announcement).

Further details of these irrevocable undertakings, including details on when they cease to be binding and when the providers may be able to sell shares subject to the irrevocable undertakings, are set out in Appendix 3 to this announcement.

## **7. Information relating to Bidco and Thoma Bravo**

### *Bidco*

Bidco is a newly incorporated company, formed on behalf of funds managed and/or advised by Thoma Bravo.

### *Thoma Bravo*

Thoma Bravo is a leading private equity firm focused on the software and technology-enabled services sectors. With a series of funds representing more than \$35 billion in capital commitments, Thoma Bravo partners with a company's management team to implement operating best practices, invest in growth initiatives and make accretive acquisitions intended to accelerate revenue and earnings, with the goal of increasing the value of the business. Representative past and present portfolio companies include industry leaders such as Barracuda Networks, Blue Coat Systems, Centrify, ConnectWise, Digital Insight, Hyland Software, Imperva, Imprivata, LogRhythm, McAfee, PowerPlan, Qlik, Riverbed, SailPoint, SolarWinds, SonicWall and Veracode. The firm has offices in San Francisco and Chicago.

## **8. Information relating to Sophos**

Founded in Oxford, England, Sophos is a global leader in next-generation cybersecurity, protecting over 400,000 organizations in more than 150 countries from today's most advanced cyberthreats. Powered by SophosLabs - a global threat intelligence and data science team - Sophos' cloud-native and AI-enhanced solutions secure endpoints (laptops, servers and mobile devices) and networks against evolving cyberattack techniques, including ransomware, malware, exploits, data exfiltration, active-adversary breaches, phishing, and more. Sophos Central, a cloud-native management platform, integrates Sophos' entire portfolio of next-generation products, including the Intercept X endpoint solution and the XG next-generation firewall, into a single "synchronized security" system accessible through a set of APIs.

Sophos has been driving a transition to next-generation cybersecurity, leveraging advanced capabilities in cloud, machine learning, APIs, automation, managed threat response, and more, to deliver enterprise-grade protection to any size organization. Sophos sells its products and services exclusively through a global channel of more than 47,000 partners and managed service providers (MSPs). Sophos also makes its innovative commercial technologies available to consumers via Sophos Home.



Sophos is listed on the London Stock Exchange with a market capitalisation of £2.1 billion as of 11 October 2019 (being the last Business Day before the date of this announcement). For the year ending 31 March 2019, Sophos reported revenue of \$711 million and unlevered free cash flow of \$124 million.

9. **Sophos trading update**

Business momentum has remained encouraging during Q2 FY20 and the first half of the financial year. Sophos expects to report 9% constant currency billings growth for the six-months to the end of September, with continued growth in both end-user and network security, 12% constant currency growth in subscription billings, a modest year-on-year improvement in the net renewal rate and growth in business from brand new customers. Sophos is scheduled to report its full interim results on 6 November 2019.

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

The cybersecurity market is changing rapidly, driven by more attackers, using more sophisticated approaches, in an overall technology landscape that itself is undergoing radical change. If cybersecurity solutions are to continue to be effective, they must continue to evolve. Sophos has embraced this challenge, and is driving a transition to next-generation security across its product line, and across its customer and partner base.

Thoma Bravo has a long history of helping companies navigate business model transitions and intends to continue Sophos' strong organic momentum through leveraging Thoma Bravo's deep and broad experience of growing enterprise software businesses as well as through new opportunities in our large and growing portfolio, utilize Thoma Bravo's "buy-and-build" expertise to grow inorganically by pursuing a consolidation strategy in the highly fragmented cybersecurity market, and leverage Thoma Bravo's proprietary operational best practices built over 15 years through to further build a best-in-class software franchise.

***Employees, management and research and development***

Bidco attaches great importance to the skills, knowledge and expertise of Sophos' management and employees and, subject to this paragraph 10, expects that the existing management and employees of Sophos will be key to the success of Sophos going forward and will continue to contribute to the long term success of Sophos.

Following completion of the Acquisition, certain functions which have historically been related to Sophos' status as a listed company may no longer be required or will be reduced in size to reflect Sophos ceasing to be a listed company. Accordingly, it is expected that the non-executive directors of Sophos will resign as directors of Sophos with effect from completion of the Acquisition.

In line with market practice for a public offer process, Bidco completed a period of confirmatory due diligence on Sophos prior to this announcement. Following completion of the Acquisition, Bidco intends to review Sophos' business and operations over a period of six months, leveraging its expertise and working with the Sophos management team

to implement operational best practices to create a best-in-class software franchise. Immediately following completion of the Acquisition, Bidco will focus on:

- continuing to invest in innovation and growth, while evaluating opportunities to streamline operational functions which will accelerate top-line growth;
- optimising the research and development organization, including reducing spending on legacy and non-core products while deploying incremental investment on areas which should deliver stronger returns on investment and enhance the customer experience and company product portfolio (i.e. next generation endpoint and network security solutions); and
- the reduction of non-critical administrative expenses and lower return on investment go-to-market program spend.

As at the date of this Announcement, the results of the review are uncertain and no firm decisions have been made in relation to specific actions which may be taken. However, based on its experience relating to previous transactions, Bidco does not expect its review to result in a material headcount reduction. Any headcount reductions will be carried out in accordance with applicable law (including, in jurisdictions where relevant, informing and consulting obligations). Nevertheless, Bidco believes that it is well-positioned to accelerate Sophos' growth and performance, enhance profitability and create greater employment opportunities over the long term.

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

Bidco confirms that, following the Scheme becoming effective, the existing contractual and statutory employment rights, including in relation to pensions, of all Sophos management and employees will be fully safeguarded in accordance with applicable law and as specified further in the Cooperation Agreement. Bidco does not intend to make any material change to the conditions of employment of the employees of Sophos.

#### ***Incentive arrangements***

Bidco has not entered into, and has not discussed any form of incentivisation arrangements with members of Sophos' management. Bidco intends to put in place appropriate arrangements for management of Sophos following completion of the Acquisition.

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

Following the Acquisition, Bidco intends that Sophos will continue to operate as a standalone business group. Bidco does not intend to undertake any material restructurings or changes in location of Sophos headquarters in Abingdon, operations or places of business.

No changes are envisaged by Bidco with respect to the redeployment of Sophos' fixed asset base.

#### ***Trading Facilities***

Sophos Shares are currently listed on the Official List and admitted to trading on the London Stock Exchange. As set out in paragraph 16, applications will be made for the cancellation of the listing of Sophos Shares on the Official List and the cancellation of trading of the Sophos Shares on the London Stock Exchange.

***Rule 19.5 of the Takeover Code***

No statements in this paragraph 10 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

**11. Financing of the Acquisition**

The cash consideration payable to the Sophos Shareholders under the terms of the Acquisition will be financed by a combination of equity to be invested by funds managed and/or advised by Thoma Bravo and debt to be provided under an Interim Facilities Agreement arranged by Goldman Sachs Bank USA.

Goldman Sachs International is satisfied that sufficient resources are available to Bidco to satisfy in full the cash consideration payable to the Sophos Shareholders under the terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

**12. Offer-related arrangements**

*Confidentiality Agreement*

On 18 September 2019, Sophos and Thoma Bravo entered into a confidentiality agreement (the "**Confidentiality Agreement**") in relation to the Acquisition, pursuant to which, amongst other things, Thoma Bravo has undertaken to: (a) subject to certain exceptions, keep information relating to Sophos and the Acquisition confidential and not to disclose it to third parties; and (b) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until 18 September 2021 (or, if earlier, the completion of the Acquisition). The Confidentiality Agreement contains standstill provisions which restricted Thoma Bravo from acquiring or offering to acquire interests in certain securities of Sophos; those restrictions ceased to apply on the making of this announcement. The Confidentiality Agreement also contains restrictions on Thoma Bravo soliciting or employing certain of Sophos' employees, consultants and independent contractors.

*Joint Defence Agreement*

Sophos, Bidco and their respective external legal counsels entered into a confidentiality and joint defence agreement (the "**Joint Defence Agreement**") dated 25 September 2019, the purpose of which is to ensure that the exchange or disclosure of certain materials relating to the parties only takes place between their respective external legal counsels and external experts for the purposes of anti-trust and regulatory analysis, and does not diminish in any way the confidentiality of such materials and does not result in a waiver of privilege, right or immunity that might otherwise be available.

*Cooperation Agreement*

Pursuant to the Cooperation Agreement, Bidco and Sophos have, amongst other things, each agreed to: (i) cooperate in relation to obtaining any consents, clearances, permissions, waivers and/or approvals as may be necessary, and the making of all filings as may be necessary, from or under the law, regulations or practices applied by any applicable regulatory authority in connection with the Acquisition; and (ii) cooperate in preparing and implementing appropriate proposals in relation to the Sophos Share Plans. In addition, Bidco has agreed to certain provisions if the Scheme should switch to an Offer. The Cooperation Agreement will terminate in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a competing offer completes, becomes effective or is declared unconditional, or if prior to the Long Stop Date any Condition has been invoked by Bidco, if the Sophos Directors withdraw their recommendation of the Acquisition or if the Scheme does not become effective in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and Sophos. Pursuant to the terms of the Cooperation Agreement, Bidco undertakes that it will deliver a notice in writing to Sophos on the Business Day prior to the Sanction Hearing confirming either: (i) the satisfaction or waiver of the Conditions (other than the Scheme Conditions); or (ii) to the extent permitted by the Panel, that it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

### **13. Disclosure of interests in Sophos securities**

Save in respect of the irrevocable undertakings referred to in paragraph 6 above, as at the close of business on 11 October 2019 (being the last practicable date before the date of this announcement), 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 Sophos; (ii) any short positions in respect of relevant Sophos Shares (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 Sophos Shares or in relation to any securities convertible or exchangeable into Sophos Shares; nor (iv) borrowed or lent any relevant Sophos Shares (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.

'Interests in securities' for these purposes 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.

It has not been possible for Bidco to make enquiries of all its concert parties in advance of the release of this announcement. Therefore, if Bidco becomes aware, following the making of such enquiries, that any of its concert parties have any such interests in relevant securities in

Sophos, all relevant details in respect of Bidco's concert parties will be included in Bidco's Opening Position Disclosure in accordance with Rule 8.1(a) and Note 2(a)(i) on Rule 8 of the Takeover Code.

**14. Sophos Share Plans**

Participants in the Sophos Share Plans will be contacted regarding the effect of the Acquisition on their options and awards under the Sophos Share Plans and an appropriate proposal will be made to such participants which reflects their options and awards under the Sophos Share Plans in due course.

**15. Scheme process**

To become effective, the Scheme requires, among other things, the approval of a majority in number representing not less than 75% in value of the relevant Scheme Shareholders present and voting in person or by proxy at the Court Meeting, which is convened by order of the Court, and the passing of the resolutions necessary to implement the Acquisition by the requisite majority of Sophos Shareholders at the Sophos General Meeting (which will require the approval of Sophos Shareholders representing at least 75% of the votes cast at the Sophos General Meeting either in person or by proxy). The Scheme must also be sanctioned by the Court and, following such sanction, an office copy of the Court Order must be delivered to the Registrar of Companies.

The Conditions in paragraph 2 of Appendix 1 to this announcement provide that the Scheme will lapse if:

- the Court Meeting and the Sophos General Meeting are not held by the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Sophos);
- the Sanction Hearing to approve the Scheme is not held by the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Sophos);
- the Scheme does not become effective by 11.59 p.m. on the Long Stop Date (or such later date as may be agreed between Bidco and Sophos and the Panel and the Court may allow).

If any Condition in paragraph 2 of Appendix 1 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 7.00 a.m. on the Business Day following the date so specified, stating whether Bidco has invoked that Condition other than the third bullet above, (where applicable) waived that Condition or, with the agreement of Sophos, specified a new date by which that Condition must be satisfied.

Once the necessary approvals from Sophos Shareholders have been obtained and the other Conditions have been satisfied or (where applicable) waived and the Scheme has been approved by the Court, the Scheme will become effective upon delivery of the Court Order to the Registrar of Companies. Subject to the satisfaction of the

Conditions, the Scheme is expected to become effective during the first quarter of 2020.

Upon the Scheme becoming Effective: (i) it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the Sophos General Meeting (and if they attended and voted, whether or not they voted in favour); and (ii) share certificates in respect of Sophos Shares will cease to be valid and entitlements to Sophos Shares held within the CREST system will be cancelled.

Any Sophos Shares issued before the Scheme Record Time will be subject to the terms of the Scheme. The resolution(s) to be proposed at the Sophos General Meeting will, amongst other matters, provide that the Articles be amended to incorporate provisions requiring any Sophos Shares issued after the Scheme Record Time (other than to Bidco and/or their 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 avoid any person (other than Bidco and their nominees) holding shares in the capital of Sophos after the Effective Date.

#### **16. Delisting, and cancellation of trading and re-registration**

It is intended that the London Stock Exchange and the FCA will be requested respectively to cancel trading in Sophos Shares on the London Stock Exchange's market for listed securities and the listing of the Sophos Shares from the Official List on or shortly after the Effective Date.

It is expected that the last day of dealings in Sophos Shares on the Main Market of the London Stock Exchange is expected to be the date of the Scheme Court hearing and no transfers will be registered after 6.00 p.m. (London time) on that date.

It is intended that Sophos be re-registered as a private limited company as part of the Scheme and for this to take effect as soon as practicable on or following the Effective Date.

#### **17. Documents**

Copies of the following documents will be available promptly on Sophos' website, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, at [investors.sophos.com](http://investors.sophos.com) and in any event by no later than noon on 15 October 2019:

- (a) this announcement;
- (b) the Confidentiality Agreement;
- (c) the Joint Defence Agreement;
- (d) the Cooperation Agreement;
- (e) the irrevocable undertakings referred to in paragraph 6 above; and
- (f) the documents entered into for the financing of the Acquisition referred to in paragraph 11 above.

The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

## 18. **General**

The Acquisition will be on the terms and subject to the conditions set out herein and in Appendix I, and to be set out in the Scheme Document. The formal Scheme Document will be sent to shareholders of Sophos within 28 days of this announcement (or on such later date as may be agreed with the Panel).

This announcement does not constitute an offer or an invitation to purchase or subscribe for any securities.

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Kirkland & Ellis International LLP is acting as legal adviser to Thoma Bravo and Bidco.

Slaughter and May is acting as legal adviser to Sophos.

**Further information**

*Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, and Goldman Sachs & Co. LLC (together, "Goldman Sachs") are acting exclusively for Bidco and Thoma Bravo as financial advisers and no one else in connection with the Acquisition and other matters set out in this announcement and will not be responsible to anyone other than Bidco and Thoma Bravo for providing the protections afforded to clients of Goldman Sachs, nor for providing advice in connection with the Acquisition, the content of this announcement or any matter referred to herein. Neither Goldman Sachs nor any of Goldman Sachs' 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 Goldman Sachs in connection with this announcement, any statement contained herein or otherwise.*

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove ("J.P. Morgan Cazenove"), is authorised in the United Kingdom by the PRA and regulated by the PRA and the FCA. J.P. Morgan Cazenove is acting as financial adviser exclusively for Sophos and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than Sophos for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, nor for providing advice in relation to any matter referred to herein.*

*Lazard & Co., Limited ("Lazard"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively as financial adviser to Sophos and no one else in connection with the Acquisition and will not be responsible to anyone other than Sophos for providing the protections afforded*



*to clients of Lazard nor for providing advice in connection with the Acquisition or any other matter referred to herein. Neither Lazard nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard in connection with the Acquisition, any statement contained herein or otherwise.*

*UBS AG London Branch ("UBS") is authorised and regulated by the Financial Market Supervisory Authority in Switzerland. It is authorised by the PRA and subject to regulation by the FCA and limited regulation by the PRA in the United Kingdom. UBS is acting exclusively as financial adviser to Sophos and no one else for the purpose of the Acquisition and will not be responsible to anyone other than Sophos for providing the protections offered to clients of UBS nor for providing advice in relation to the Acquisition or any transaction, arrangement or other matter referred to herein.*

*In accordance with the Takeover Code, Goldman Sachs International, J.P. Morgan Cazenove and UBS and their respective affiliates will continue to act as exempt principal trader in Sophos securities on the London Stock Exchange. These purchases and activities by exempt principal traders which are required to be made public in the United Kingdom pursuant to the Takeover Code 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 United States to the extent that such information is made public in the United Kingdom.*

*This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise. The Acquisition will be made solely pursuant to the terms of the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the 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 decision in respect of, or other response to, the Acquisition should be made only on the basis of the information in the Scheme Document (or, if the Acquisition is implemented by way of an Offer, the Offer Document).*

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

### **Overseas Shareholders**

*This announcement has been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England.*

*The availability of the Acquisition to Sophos Shareholders who are not resident in and citizens of the UK may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in the UK should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdictions. In particular, the ability of persons who are not resident in the United Kingdom to vote their Sophos 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 located. Any*

*failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

*Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Copies of this announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of an Offer (unless otherwise permitted by applicable law and regulation), the Offer may not be made directly or indirectly, in or into, 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 Offer may not be capable of acceptance by any such use, means, instrumentality or facilities.*

#### **Notice to US investors in Sophos**

*The Acquisition relates to the shares of an English company and is being made by means of a scheme of arrangement provided for under English company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer or proxy solicitation rules under the US Exchange Act of 1934. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement which differ from the disclosure requirements of the US tender offer and proxy solicitation rules. The financial information included in this announcement has been prepared in accordance with generally accepted accounting principles of the United Kingdom 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 United States.*

*If, in the future, Bidco exercises its right to implement the Acquisition by way of an Offer, which is to be made into the United States, such Offer will be made in compliance with the applicable US laws and regulations.*

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

*US Sophos Shareholders also should be aware that the transaction contemplated herein may have tax consequences in the US and, that such consequences, if any, are not described herein. US Sophos Shareholders are urged to consult with legal, tax and financial advisers in connection with making a decision regarding this transaction.*

### **Forward Looking Statements**

*This announcement (including information incorporated by reference in this announcement), oral statements made regarding the Acquisition, and other information published by Bidco and Sophos contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Bidco and Sophos about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements.*

*The forward-looking statements contained in this announcement include statements relating to the expected effects of the Acquisition on Bidco and Sophos (including their future prospects, developments and strategies), the expected timing and scope of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "projects", "strategy", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved (or, in each case, their negative or other variations). Although Bidco and Sophos believe that the expectations reflected in such forward-looking statements are reasonable, Bidco and Sophos can give no assurance that such expectations will prove to be correct. 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. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements.*

*These factors include, but are not limited to: the ability to complete the Acquisition; the ability to obtain requisite regulatory and shareholder approvals and the satisfaction of other Conditions on the proposed terms and schedule; as future market conditions, changes in general economic and business conditions, the behaviour of other market participants, the anticipated benefits from the proposed transaction not being realised as a result of changes in general economic and market conditions in the countries in which Bidco and Sophos operate, weak, volatile or illiquid capital and/or credit markets, changes in tax rates, interest rate and currency value fluctuations, the degree of competition in the geographic and business areas in which Bidco and Sophos operate, the consequences in the UK and globally from the withdrawal of the UK from the European Union, and changes in laws or in supervisory expectations or requirements. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Bidco nor Sophos, 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. You are cautioned not to place any reliance on these forward-looking*

statements. Other than in accordance with their legal or regulatory obligations, neither Bidco nor Sophos is under any obligation, and Bidco and Sophos expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Dealing and Opening Position Disclosure Requirements**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1% 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 pm on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm 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% 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 pm 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.*

## **Publication on a website**

*This announcement and the documents required to be published pursuant to Rule 26.1 of the Takeover Code will be available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Sophos' website at investors.sophos.com promptly and in any event by no later than 12 noon on 15 October 2019. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.*

## **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 Sophos for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Sophos.*

## **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Takeover Code, Sophos Shareholders, persons with information rights and participants in Sophos Share Plans may request a hard copy of this announcement by contacting Sophos' registrars, Link Asset Services, during business hours on +44 (0)371 664 0321 or at Link Asset Services, 34 Beckenham Road, Beckenham, Kent BR3 4TU . For persons who receive a copy of this announcement in electronic form or via a website notification, a hard copy of this announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.*

## **Electronic Communications**

*Please be aware that addresses, electronic addresses and certain other information provided by Sophos Shareholders, persons with information rights and other relevant persons for the receipt of communications from Sophos may be provided to Bidco during the offer period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c).*

## **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 figures that precede them.*

## **Rule 2.9 of the Takeover Code**

*For the purposes of Rule 2.9 of the Takeover Code, Sophos confirms that, as at the date of this announcement, it had in issue 488,148,285 ordinary shares of 3 pence each (excluding shares held in treasury). The ISIN for the shares is GB00BYZFZ918.*

**APPENDIX 1**  
**CONDITIONS AND FURTHER TERMS OF THE TRANSACTION**

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

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date, or such later date (if any) as Bidco and Sophos may, with the consent of the Panel, agree and (if required) the Court may allow.

**Conditions of the Scheme**

2. The Scheme will be subject to the following Conditions:
  - (a) its approval by a majority in number representing not less than 75% in value of Scheme Shareholders who are on the register of members of Sophos (or the relevant class or classes thereof) at the Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting and at any separate class meeting which may be required (or any adjournment thereof), and (ii) such Court Meeting being held on or before the 22nd day after the expected date of the Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Sophos (and that the Court may approve));
  - (b) the resolutions required to implement the Scheme being duly passed at the Sophos General Meeting (or any adjournment thereof) and (ii) such Sophos General Meeting being held on or before the 22nd day after the expected date of the Sophos General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Sophos (and that the Court may approve)); and
  - (c) the sanction of the Scheme by the Court (with or without modification (but subject to such modification being acceptable to Bidco and Sophos)) and the delivery of the office copy of the Court Order to the Registrar of Companies; and (ii) the Sanction Hearing being held on or before the 22nd day after the expected date of the Sanction Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between Bidco and Sophos (and that the Court may approve)).

**General Conditions**

3. In addition, Bidco and Sophos have agreed that the Acquisition will be conditional upon the following conditions and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

**Antitrust**

- (a) the European Commission taking a decision declaring the Scheme compatible with the internal market under Article 6(1) (b) of Council Regulation (EC) 139/2004 (the "Merger Regulation"), or being deemed to have declared the Scheme compatible with the internal market pursuant to the presumption

in Article 10(6) of the Merger Regulation, to the extent required;

- (b) all required filings having been made under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the rules and regulations made thereunder and all applicable waiting periods (including any agreements with the U.S. Federal Trade Commission or the Antitrust Division of the U.S. Department of Justice to delay consummation of the Acquisition) relating to the Acquisition having expired, lapsed or been terminated;

### **Regulatory**

- (c) insofar as required, either:
  - (i) Bidco having received written notice from the Commonwealth Treasurer (or his delegate) under the Australian Foreign Acquisitions and Takeovers Act 1975 (Cth) or its successor legislation ("**FATA**") to the effect that the Commonwealth Government does not object to the Acquisition, on either an unconditional basis or subject to: (i) tax-related conditions which are in the form, or substantially the form, of those set out in Part A of Attachment B of the Australian Foreign Investment Review Board's Guidance Note 47 on 'Tax Conditions' (in the form released on 13 August 2018); or (ii) any other conditions; or
  - (ii) following notice of the Acquisition having been given by Bidco under FATA, the Commonwealth Treasurer (or his delegate) ceasing to be empowered to make an order in respect of the Acquisition due to the expiry of the applicable statutory waiting period under Division 2 of Part 3 of FATA;
- (d) insofar as required, either:
  - (i) Bidco having received written authorization from the French Minister of the Economy (or his delegate) pursuant to Article L. 151-3 and R. 153-1 et seq. of the French Monetary and Financial Code on foreign investment control ("**FIC Regulation**") to the effect that the French Government duly authorizes the Acquisition, on either an unconditional basis or subject only to conditions which are reasonably satisfactory to Bidco; or
  - (ii) following request for authorization having been given by Bidco under FIC Regulation, the French Minister of the Economy (or his delegate) ceasing to be empowered to make an order in respect of the Acquisition due to the expiry of the applicable statutory waiting period under Article R. 153-8;

### **Other Third Party clearances**

- (e) no 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 body or person whatsoever in any jurisdiction (each a "**Third Party**") having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, or having required any action to be taken or otherwise having done anything or having enacted, made or proposed any statute, regulation, decision, order or change to published practice and there not continuing to be outstanding any statute, regulation, decision or order which would or might:

- (i) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Sophos Group by any member of the Wider Bidco Group void, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, impede, challenge, delay or otherwise interfere with the implementation of, or impose material additional conditions or obligations with respect to, the Acquisition or the acquisition of any shares or other securities in, or control or management of, any member of the Wider Sophos Group by any member of the Wider Bidco Group or require amendment of the Scheme;
- (ii) require, prevent or materially delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Sophos Group of all or any part of their businesses, assets or property or impose any 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) to an extent which is material in the context of the Wider Sophos Group taken as a whole or in the context 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 or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in Sophos (or any member of the Wider Sophos Group) or on the ability of any member of the Wider Sophos Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Sophos Group to an extent which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (iv) other than pursuant to the implementation of the Scheme or, if applicable, sections 974 to 991 of the Companies Act 2006, require any member of the Wider Bidco Group or the Wider Sophos Group to acquire or



offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Sophos Group or any asset owned by any third party which is material in the context of the Wider Sophos Group or the Wider Bidco Group, in either case taken as a whole;

- (v) require, prevent or 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 Sophos Group;
- (vi) result in any member of the Wider Sophos Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (vii) impose any limitation on the ability of any member of the Wider Bidco Group or any member of the Wider Sophos Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Sophos Group in a manner which is adverse and material to the Wider Bidco Group and/or the Wider Sophos Group, in either case, taken as a whole or in the context of the Acquisition; or
- (viii) except as Disclosed, otherwise affect the business, assets, value, profits, prospects or operational performance of any member of the Wider Sophos Group or any member of the Wider Bidco Group in each case in a manner which is adverse to and material in the context of the Wider Sophos Group taken as a whole or of the financing of the Acquisition;

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

- (f) all notifications, filings or applications which are deemed by Bidco to be necessary or reasonably considered to be appropriate having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with and all Authorisations which are deemed by Bidco to be necessary or reasonably considered to be appropriate in any jurisdiction for or in respect of the Acquisition or the proposed acquisition of any shares or other securities in, or control of,

Sophos 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 Sophos Group or the Wider Bidco Group has entered into contractual arrangements in each case where the direct 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 Authorisation would be unlawful in any relevant jurisdiction or have a material adverse effect on the Wider Sophos Group, any member of the Bidco Group or the ability of Bidco to implement the Scheme and all such Authorisations remaining in full force and effect at the time at which the Scheme becomes otherwise unconditional in all respects and there being no notice or intimation of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations;

- (g) no temporary restraining order, preliminary or permanent injunction, preliminary or permanent injunction, or other order issued and being in effect by a court or other Third Party which has the effect of making the Acquisition or any acquisition or proposed acquisition of any shares or other securities or control or management of, any member of the Wider Sophos Group by any member of the Wider Bidco Group, or the implementation of either of them, void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prohibiting, preventing, restraining, restricting, delaying or otherwise interfering with the completion or the approval of the Acquisition or any matter arising from the proposed acquisition of any shares or other securities in, or control or management of, any member of the Wider Sophos Group by any member of the Wider Bidco Group;

#### **Confirmation of absence of adverse circumstances**

- (h) except as Disclosed, there being no provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Sophos 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 proposed acquisition by any member of the Wider Bidco Group of any shares or other securities in Sophos or because of a change in the control or management of any member of the Wider Sophos Group or otherwise, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Sophos Group taken as a whole or to the financing of the Acquisition:
  - (i) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Sophos 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 rights, liabilities, obligations, interests or business of any member of the Wider Sophos Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Sophos Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;
- (iii) any member of the Wider Sophos Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Sophos Group taken as a whole or in the context of the Acquisition;
- (iv) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Sophos 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 Sophos Group otherwise than in the ordinary course of business;
- (v) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Sophos Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;
- (vi) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Sophos Group being prejudiced or adversely affected; or
- (vii) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider Sophos Group other than trade creditors or other liabilities incurred in the ordinary course of business; or
- (viii) any liability of any member of the Wider Sophos Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

**No material transactions, claims or changes in the conduct of the business of the Sophos Group**

- (i) except as Disclosed, no member of the Wider Sophos Group having since 31 March 2019:

- (i) save as between Sophos and its wholly-owned subsidiaries or between such wholly-owned subsidiaries and save for the issue or transfer out of treasury of Sophos Shares on the exercise of options or vesting of awards granted in the ordinary course under the Sophos Share Plans, 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 or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Sophos Shares out of treasury;
- (ii) recommended, declared, paid or made or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than: (a) to Sophos or one of its wholly-owned subsidiaries; or (b) the Final Dividend;
- (iii) save as between Sophos and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case to an extent which is material in the context of the Wider Sophos Group taken as a whole;
- (iv) save as between Sophos and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider Sophos Group taken as a whole;
- (v) 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 (save in the ordinary course of business and save as between Sophos and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (vi) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure

or otherwise) (otherwise than in the ordinary course of business) which is of a long term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is or is likely to be materially restrictive on the business of any member of the Wider Sophos Group to an extent which is or is reasonably likely to be material to the Wider Sophos Group taken as a whole;

- (vii) entered into any licence or other disposal of intellectual property rights of any member of the Wider Sophos Group which are material in the context of the Wider Sophos Group and outside the normal course of business;
- (viii) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Sophos Group save for salary increases, bonuses or variations of terms in the ordinary course;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme, or other benefit relating to the employment or termination of employment of any employee of the Wider Sophos Group which, taken as a whole, are material in the context of the Wider Sophos Group taken as a whole;
- (x) made, agreed or consented to or procured any significant change to the basis or rate of employer contribution to a pension plan, to the extent which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law;
- (xi) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Scheme) otherwise than in the ordinary course of business which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (xii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect of the matters mentioned in sub-paragraph (i) above, made any other change to any part of its share capital to an extent which (other than in the case of Sophos) is material in the context of the Wider Sophos Group taken as a whole;

- (xiii) other than with respect to claims between Sophos and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (xiv) made any alteration to its articles of association or other constitutional documents (in each case, other than in connection with the Scheme) which is material in the context of the Acquisition;
- (xv) (other than in respect of a member of the Wider Sophos 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 any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which is material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (xvi) 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 Sophos Group taken as a whole or in the context of the Acquisition;
- (xvii) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;
- (xviii) terminated or varied the terms of any agreement or arrangement between any member of the Wider Sophos Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Sophos Group taken as a whole; or
- (xix) having taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Sophos Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

## **No material adverse change**

- (j) since 31 March 2019, and except as Disclosed, there having been:
- (i) no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Sophos Group to an extent which is material to the Wider Sophos Group taken as a whole or to the financing of the Acquisition;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Sophos Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Sophos Group or to which any member of the Wider Sophos Group is or may become a party (whether as claimant or defendant or otherwise) and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Sophos Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Sophos Group which, in any such case, might be expected to have a material adverse effect on the Wider Sophos Group taken as a whole;
  - (iii) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Sophos Group to an extent which is material to the Wider Sophos Group taken as a whole
  - (iv) 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 Sophos 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 Sophos Group taken as a whole; and
  - (v) no member of the Wider Sophos Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider Sophos Group taken as a whole;
- (k) since 31 March 2019, and except as Disclosed, Bidco not having discovered:

- (i) that any financial, business or other information concerning the Wider Sophos Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to this announcement by or on behalf of any member of the Wider Sophos Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Sophos Group taken as a whole or in the context of the Acquisition;
- (ii) that any member of the Wider Sophos Group is subject to any liability, contingent or otherwise and which is material in the context of the Wider Sophos Group taken as a whole; or
- (iii) any information which affects the import of any information disclosed to Bidco at any time prior to this announcement by or on behalf of any member of the Wider Sophos Group which is material in the context of the Wider Sophos Group taken as a whole;

### **Environmental Liabilities**

- (l) except as Disclosed, Bidco not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, no past or present member of the Wider Sophos Group, in a manner or to an extent which is material in the context of the Wider Sophos Group, (i) having committed any violation of any applicable laws, statutes, regulations, Authorisations, notices or other requirements of any Third Party giving rise to a material liability; and/or (ii) having incurred any material liability (whether actual or contingent) to any Third Party; and/or (iii) being likely to incur any material liability (whether actual or contingent), or being required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii) which such liability or requirement would be material to the Wider Sophos Group taken as a whole;

### **Intellectual Property**

- (m) no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Sophos Group which would have a material adverse effect on the Wider Sophos Group taken as a whole or is otherwise material in the context of the Acquisition, including:
  - (i) any member of the Wider Sophos Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Sophos Group and material to its business being revoked, cancelled or declared invalid;



- (ii) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Sophos Group to, or the validity or effectiveness of, any of its intellectual property; or
- (iii) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Sophos Group being terminated or varied;

#### **Anti-corruption and sanctions**

- (n) except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider Sophos Group taken as a whole):
  - (i) any past or present member of the Wider Sophos Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;
  - (ii) any member of the Wider Sophos Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations 2006 (each as amended);
  - (iii) any past or present member of the Wider Sophos Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered 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 Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or
  - (iv) a member of the Sophos Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states; and

#### **No criminal property**

- (o) except as Disclosed, Bidco not having discovered that any asset of any member of the Wider Sophos Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

#### **Part B: Further terms of the Acquisition**

1. Subject to the requirements of the Panel in accordance with the Takeover Code, Bidco reserves the right to waive, in whole or in part, all or any of the Conditions in Part A above, except for Conditions 2(a)(i), 2(b)(i) and 2(c)(i) (*Conditions of the Scheme*) which cannot be waived.
2. Conditions 3(a) to (o) (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 Sanction Hearing, 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. If Bidco is required by the Panel to make an offer for Sophos Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to any of the above Conditions as are necessary to comply with the provisions of that Rule.
4. Under Rule 13.5(a) of the Takeover Code, Bidco may not invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. The Conditions contained in paragraph 2 above and, if applicable, any acceptance condition if the Offer is implemented by means of a takeover offer, are not subject to this provision of the Takeover Code.
5. Bidco reserves the right to elect to implement the Acquisition by way of a takeover offer (as defined in section 974 of the 2006 Act) as an alternative to the Scheme (subject to the Panel's consent and the terms of the Cooperation Agreement). 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 75% (or such lower percentage as Bidco may, subject to the rules of the Takeover Code and the terms of the Cooperation Agreement and with the consent of the Panel, decide) of the shares to which the Acquisition relates and those required by, or deemed appropriate by, Bidco under applicable law, so far as applicable) as those which would apply to the Scheme. Further, if sufficient acceptances of such offer are received and/or sufficient Sophos Shares are otherwise acquired, it is the intention of Bidco to apply the provisions of the 2006 Act to acquire compulsorily any outstanding Sophos Shares to which such offer relates.
6. The Acquisition will lapse if the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) 139/2004 or makes a referral to a competent authority of the United Kingdom under Article 9(3)(b) of that Regulation and there is a subsequent Phase 2 CMA Reference, in either case before 1.00 p.m. on or before the later of the date of the Court Meeting and the date of the Sophos General Meeting. In such event, Sophos will not be bound by the terms of the Scheme.

7. The Acquisition will be governed by English law and be subject to the jurisdiction of the English courts and to the Conditions set out above. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange, the Listing Rules and the Registrar of Companies.
8. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.
9. Sophos Shares which will be acquired under the Acquisition will 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 now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.
10. If, on or after the date of this announcement and before the Effective Date, any dividend and/or other distribution and/or other return of capital is declared, made or paid or becomes payable in respect of the Sophos Shares Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Sophos Shares by an amount up to the amount of such dividend and/or distribution and/or return of capital, in which case any reference in this announcement or in the Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced.
11. The Acquisition will be subject, inter alia, to the Conditions and certain further terms which are set out in this Appendix 1 and those terms which will be set out in the Scheme Document and the Cooperation Agreement and such further terms as may be required to comply with the Listing Rules and the provisions of the Takeover Code.
12. The availability of the Acquisition to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction. Any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements. Further information in relation to Overseas Shareholders will be contained in the Scheme Document.

**APPENDIX 2**  
**SOURCES AND BASES OF INFORMATION**

Unless otherwise stated in this announcement:

1. the value attributed to the fully diluted issued share capital of Sophos is based on:
  - (a) 488,148,285 Sophos Shares in issue on 11 October 2019 (being the latest practicable date before the date of this announcement); and
  - (b) 28,112,713 Sophos Shares which may be issued on or after the date of this announcement to satisfy the exercise of options and vesting of awards outstanding under the Sophos Share Plans as at 11 October 2019 (being the latest practicable date prior to this announcement for such figures);
2. unless otherwise stated, all prices for Sophos Shares have been derived from the Daily Official List and represent Closing Prices on the relevant date(s);
3. the daily volume weighted average price per Sophos Share of 400.6 pence during the six month period ended 11 October 2019 is derived from Bloomberg;
4. the unlevered free cash flow multiple of approximately 32 times implied by the Acquisition is calculated based on a fully diluted enterprise value of \$3,948 million, consisting of \$3,820 million fully diluted equity value and \$128 million net financial debt, and unlevered free cash flow of \$124 million for the year ending 31 March 2019;
5. the exchange rate used for the conversion of GBP into USD to calculate the value of the Acquisition cash consideration and value of the Acquisition is 1.2683, the Announcement Exchange Rate, which has been derived from Bloomberg and is based on the exchange rate on 11 October 2019 (being the last Business Day before the date of this announcement); and
6. unless otherwise stated, the financial information relating to Sophos is extracted (without material adjustment) from the 2019 Sophos Annual Report.

**APPENDIX 3**  
**DETAILS OF IRREVOCABLE UNDERTAKINGS**

**1. Directors**

The following Sophos Directors have given irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of their own beneficial holdings (or those Sophos Shares over which they have control) of Sophos Shares:

<b>Name</b>	<b>Total Number of Sophos Shares</b>	<b>Percentage of existing issued share capital</b>
Kris Hagerman	2,802,125	0.57%
Nicholas Bray	281,282	0.06%
Peter Gyenes	286,631	0.06%
Sandra Bergeron	214,974	0.04%
Paul Walker	190,694	0.04%
Vin Murria	50,000	0.01%

The obligations contained in the irrevocable undertakings given by the Sophos Directors cease to be binding on the earliest of the following occurrences: (i) the Scheme Document not being sent to Sophos Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announcing, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced at the same time; (iii) the Scheme lapsing or being withdrawn in accordance with its terms and Bidco publicly confirming that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iv) the Scheme not having become effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Sophos, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); or (v) the date on which any competing offer for the entire issued and to be issued share capital of Sophos becomes Effective.

The irrevocable undertakings given by the Sophos Directors do not include an obligation to accept an Offer, if the Acquisition is implemented by way of an Offer.

On 12 July 2019, Sophos announced that Nicholas Bray, Chief Financial Officer, would be leaving Sophos in mid-November 2019 after the publication of Sophos' interim results. In respect of the irrevocable undertaking given by Nicholas Bray to vote in favour of the resolutions relating to the Acquisition at the Meetings in respect of his own beneficial holdings (or those Sophos Shares over which they have control) of Sophos Shares, in addition to the occurrences set out above,

such undertaking will cease to apply to any Sophos Shares he is entitled to sell or dispose of after the date on which he ceases to be employed by, and a director of Sophos.

## 2. **Pentagon Lock Entities**

The Pentagon Lock Entities (which are owned by funds advised by Apax Partners LLP) have given an irrevocable undertaking to vote in favour of the resolutions relating to the Acquisition at the Meetings (or, in the event that the Acquisition is implemented by way of an Offer, to accept or procure acceptance of such Offer) in respect of their own beneficial holdings of Sophos Shares:

<b>Name</b>	<b>Total Number of Sophos Shares</b>	<b>Percentage of existing issued share capital</b>
Pentagon Lock S.à r.l.	22,183,084	4.54%
Pentagon Lock 6-A S.à r.l.	13,004,802	2.66%
Pentagon Lock 7-A S.à r.l.	11,780,206	2.41%
Pentagon Lock US S.à r.l.	2,557,590	0.52%
<u>Pentagon Lock Total</u>	<u>49,525,682</u>	<u>10.15%</u>

The obligations contained in the irrevocable undertaking given by the Pentagon Lock Entities lapse and cease to have effect on the earlier of the following occurrences: (i) the Scheme Document not being sent to Sophos Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) the Scheme lapsing or being withdrawn in accordance with its terms and Bidco publicly confirming that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; or (iii) the Scheme not having become effective by 6.00 p.m. on the Long Stop Date (or such later time or date as agreed between Bidco and Sophos, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)).

## 3. **Jan Hruska and Peter Lammer**

Jan Hruska and Peter Lammer have given irrevocable undertakings to vote in favour of the resolutions relating to the Acquisition at the Meetings (or, in the event that the Acquisition is implemented by way of an Offer, to accept or procure acceptance of such Offer) in respect of their own beneficial and controlled holdings of Sophos Shares:

<b>Name</b>	<b>Total Number of Sophos Shares</b>	<b>Percentage of existing issued share capital</b>
Peter Lammer	42,543,360	8.72%
Jan Hruska	37,085,228	7.60%

The obligations contained in the irrevocable undertaking given by Jan Hruska and Peter Lammer lapse and cease to have effect on the earlier of the following occurrences: (i) the Scheme Document not being sent to Sophos Shareholders within 28 days (or such later period as the Panel may agree) after the date of this announcement; (ii) Bidco announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new, revised or replacement offer or scheme is announced in accordance with Rule 2.7 of the Code at the same time; (iii) the Scheme lapsing or being withdrawn in accordance with its terms and Bidco publicly confirming that it does not intend to proceed with the Acquisition or to implement the Acquisition by way of an Offer or otherwise; (iv) the Scheme not having become effective by 6.00 p.m. on the Long Stop Date (or such other time and date as agreed between Bidco and Sophos, with the approval of the Court and/or the Panel, if required (other than in circumstances where Bidco has, prior to such date, elected to exercise its right to proceed by way of an Offer and announced the same in accordance with the requirements of Paragraph 8 of Appendix 7 to the Takeover Code, and such Offer has not lapsed or been withdrawn)); (v) any third party announces, in accordance with the Code, a firm intention to make a general offer (whether made by way of an offer or a scheme of arrangement) for the entire issued share capital of Sophos (not already owned by such third party) (a "**Competing Offer**") at an offer price that is above \$7.955 per Sophos Share (or if the Competing Offer is in GBP, the GBP equivalent of \$7.955 per Sophos Share based on the spot rate on the date of the firm announcement of the Competing Offer); or (vi) any Competing Offer is declared wholly unconditional or, if proceeding by way of a scheme of arrangement, becomes effective.

Under the terms of the above irrevocable undertakings, each of Jan Hruska and Peter Lammer have the ability to sell their Sophos Shares. To the extent that, prior to the Meetings (or before such time as the Offer is being implemented by way of a Takeover Offer), Jan Hruska or Peter Lammer sell Sophos Shares representing more than 30% of their respective holdings of Sophos Shares, any sale above such 30% amount will be subject to the transferee agreeing to an undertaking in substantially the form as that provided by the transferor. After the Meetings (or after such time as the Offer is being implemented by way of a Takeover Code), Bidco will have a right of first offer to purchase any Sophos Shares sold by Jan Hruska and Peter Lammer at the price implied by the Acquisition.

## **APPENDIX 4 DEFINITIONS**

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

<b>"2006 Act"</b>	the Companies Act 2006, as amended from time to time
<b>"2019 Sophos Annual Report"</b>	the annual report and audited accounts of the Sophos Group for the year ended 31 March 2019
<b>"Acquisition"</b>	the proposed acquisition by Bidco of the entire issued and to be issued share capital of Sophos, by means of the Scheme (and other matters to be considered at the Meetings), or should Bidco so elect, by means of an Offer
<b>"Announcement Exchange Rate"</b>	the £:\$ exchange rate of £1:\$1.2683 as on 11 October 2019 (being the last Business Day prior to the date of this announcement) as derived from data provided by Bloomberg
<b>"Articles"</b>	the articles of association of Sophos from time to time
<b>"associated undertaking"</b>	shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations)
<b>"Authorisations"</b>	authorisations, orders, grants, recognitions, confirmations, consents, licences, clearances, certificates, permissions or approvals, in each case of a Third Party
<b>"Bidco"</b>	Surf Buyer Limited, a company owned by funds managed and/or advised by Thoma Bravo
<b>"Bidco Board"</b>	the directors of Bidco
<b>"Bidco Group"</b>	Bidco and its subsidiary undertakings and where the context permits, each of them
<b>"Business Day"</b>	a day, not being a public holiday, Saturday or Sunday, on which clearing banks in London are open for normal business
<b>"certificated" or "certificated form"</b>	in relation to a share or other security, a share or other security title to which is recorded in the relevant register of the share or other security as being held in certificated form (that is, not in CREST)
<b>"Closing Price"</b>	the closing middle market price of a Sophos



	Share as derived from the Daily Official List on any particular date
<b>"Court Meeting"</b>	the meeting of Sophos Shareholders to be convened at the direction of the Court pursuant to Part 26 of the 2006 Act at which a resolution will be proposed to approve the Scheme, including any adjournment thereof
<b>"Court Order"</b>	the order of the Court sanctioning the Scheme under Part 26 of the 2006 Act
<b>"CREST"</b>	the relevant system (as defined in the Regulations) in respect of which Euroclear is the operator (as defined in CREST)
<b>"Daily Official List"</b>	means the daily official list of the London Stock Exchange
<b>"Disclosed"</b>	the information disclosed by or on behalf of Sophos: (i) in the 2019 Sophos Annual Report; (ii) in this announcement; (iii) in any other announcement to a Regulatory Information Service prior to the publication of this announcement; (iv) fairly disclosed in writing (including via the virtual data room operated by or on behalf of Sophos in respect of the Acquisition or by granting a right of inspection of a relevant document) prior to the date of this announcement to Bidco or Bidco's advisers (in their capacity as such)
<b>"Effective"</b>	in the context of the Acquisition: (i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition is implemented by way of the Offer, the Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code
<b>"Effective Date"</b>	the date on which the Acquisition becomes Effective
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited
<b>"FCA"</b>	Financial Conduct Authority or its successor from time to time
<b>"FCA Handbook"</b>	the FCA's Handbook of rules and guidance as amended from time to time
<b>"Final Dividend"</b>	the final dividend of US\$ 3.7 cents per Sophos Share paid on 11 October 2019
<b>"Form of Election"</b>	the form of election for use by Scheme Shareholders electing to receive their Acquisition cash consideration in GBP

<b>"Goldman Sachs"</b>	Goldman Sachs & Co. LLC and Goldman Sachs International
<b>"Interim Facilities Agreement"</b>	an interim facilities agreement, incorporating: (i) interim term facilities in aggregate principal amounts equal to \$1,430,000,000 and \$520,000,000; and (ii) an interim multicurrency revolving facility in an aggregate amount equal to \$125,000,000, entered into between, among others, Bidco (as guarantor) and Surf Holdings S.à r.l. (as borrower) and Goldman Sachs Bank USA (as interim lender, interim facility agent and interim security agent) and dated on or before the date hereof
<b>"J.P. Morgan Cazenove"</b>	J.P. Morgan Securities plc (which conducts its UK investment banking business as J.P. Morgan Cazenove)
<b>"London Stock Exchange"</b>	the London Stock Exchange plc or its successor
<b>"Long Stop Date"</b>	26 June 2020 or such later date as may be agreed between Bidco and Sophos and, if required, the Panel and the Court may allow
<b>"Meetings"</b>	the Court Meeting and the Sophos General Meeting
<b>"Offer"</b>	subject to the consent of the Panel and the terms of the Cooperation Agreement, should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act 2006, the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued share capital of Sophos and, where the context admits, any subsequent revision, variation, extension or renewal of such offer
<b>"Official List"</b>	the Official List of the FCA
<b>"Overseas Shareholders"</b>	holders of Scheme Shares who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"Pentagon Lock Entities"</b>	Pentagon Lock 6-A S.à r.l.; Pentagon Lock 7-A S.à r.l.; Pentagon Lock S.à r.l.; and Pentagon Lock US S.à r.l.
<b>"Phase 2 CMA Reference"</b>	a reference of the Acquisition to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>"PRA"</b>	Prudential Regulation Authority or its successor from time to time

<b>"Registrar of Companies"</b>	the Registrar of Companies in England and Wales
<b>"Regulations"</b>	the Uncertificated Securities Regulations 2001
<b>"Regulatory Information Service"</b>	a regulatory information service as defined in the FCA Handbook
<b>"relevant securities"</b>	as the context requires, Sophos Shares, other Sophos share capital and any securities convertible into or exchangeable for, and rights to subscribe for, any of the foregoing
<b>"Restricted Jurisdiction"</b>	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to Sophos Shareholders in that jurisdiction
<b>"Sanction Hearing"</b>	the Court hearing to sanction the Scheme
<b>"Scheme"</b>	the proposed scheme of arrangement under Part 26 of the 2006 Act between Sophos and the holders of the Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Sophos and Bidco
<b>"Scheme Document"</b>	the document to be sent to Sophos Shareholders and persons with information rights containing, amongst other things, the Scheme and notices of the Meetings and proxy forms in respect of the Meetings
<b>"Scheme Record Time"</b>	the time and date to be specified in the Scheme Document, expected to be 6.00 p.m. on the Business Day immediately prior to the date of the Sanction Hearing
<b>"Scheme Shareholders"</b>	holders of Scheme Shares
<b>"Scheme Shares"</b>	all Sophos Shares: (i) in issue at the date of the Scheme Document; (ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme
<b>"Sophos"</b>	Sophos Group plc
<b>"Sophos General Meeting"</b>	the general meeting of Sophos Shareholders to be convened to consider and if thought fit pass, inter alia, the Special Resolution in relation to the Scheme including any adjournments thereof
<b>"Sophos Group"</b>	Sophos and its subsidiary undertakings and

	where the context permits, each of them
<b>"Sophos Share Plans"</b>	the Sophos Group Long Term Incentive Plan 2015, the Sophos Group SAYE Option Scheme 2015, the Sophos Group 2015 Employee Stock Purchase Plan, the Sophos Group International SAYE Option Scheme 2015, the Pentagon Holdings Management Equity Plan and the Pentagon Holdings Staff Option Plan
<b>"Sophos Share(s)"</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of 3p each in the capital of Sophos and any further shares which are unconditionally allotted or issued before the Scheme becomes Effective but excluding in both cases any such shares held or which become held in treasury
<b>"Sophos Shareholder(s)"</b>	holders of Sophos Shares
<b>"Special Resolution"</b>	the special resolution proposed to be passed at the Sophos General Meeting in connection with, inter alia, implementation of the Scheme and certain amendments to be made to the articles of association of Sophos
<b>"subsidiary", "subsidiary undertaking" and "undertaking"</b>	shall be construed in accordance with the 2006 Act
<b>"Takeover Code"</b>	the Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time
<b>"Thoma Bravo"</b>	Thoma Bravo, LLC
<b>"UK" or "United Kingdom"</b>	United Kingdom of Great Britain and Northern Ireland
<b>"uncertificated" or "in uncertificated form"</b>	a share or other security title to which is recorded in the relevant register of the share or security as being held in uncertificated form, in CREST, and title to which, by virtue of the Regulations may be transferred by means of CREST
<b>"Voting Record Time"</b>	the time and date to be specified in the Scheme Document by reference to which entitlement to vote on the Scheme will be determined
<b>"Wider Bidco Group"</b>	Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and such undertakings (aggregating their interests) have an interest of more than 20% of the voting or equity capital or the equivalent
<b>"Wider Sophos Group"</b>	Sophos and associated undertakings and any other body corporate, partnership, joint venture or person in which Sophos and such

undertakings (aggregating their interests) have an interest of more than 20% of the voting or equity capital or the equivalent

**"£" or "GBP"**

Pounds sterling, the lawful currency for the time being of the UK and references to "pence" and "p" shall be construed accordingly

**"\$" or "USD"**

US dollars, the lawful currency of the United States and references to "cents" and "c" shall be construed accordingly

All times referred to are London time unless otherwise stated.