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THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW RWS SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE RWS CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE.

FOR IMMEDIATE RELEASE

27 August 2020

## Recommended All-Share Combination

of

RWS Holdings plc (“RWS”) and SDL plc (“SDL”)

### *Creating the world’s leading language services and technology group*

The RWS Board and the SDL Board are pleased to announce that they have reached agreement on the terms of a recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL, to be effected by means of a court-sanctioned scheme of arrangement between SDL and SDL Scheme Shareholders under Part 26 of the Companies Act (the “**Combination**” to form the “**Combined Group**”).

The Combination will create a truly global provider of language services and technology. The Combined Group will be a broad-based, well-funded business benefitting from increased scale, superior capabilities, an expanded geographic footprint and a highly experienced management team.

The RWS Board and the SDL Board believe the Combination has compelling strategic logic with the potential to deliver substantial benefits to the shareholders, customers, employees and other stakeholders of both RWS and SDL.

#### **Key terms of the Combination**

Under the terms of the Combination, SDL Scheme Shareholders will be entitled to receive:

1.2246 New RWS Shares in exchange for each SDL Share (the “**Exchange Ratio**”).

Based on the Exchange Ratio and the Closing Price of 741 pence per RWS Share on the Latest Practicable Date, the Combination values each SDL Share at 907 pence and SDL’s existing issued and to be issued share capital at approximately £854 million, representing a premium of:

- 52 per cent. to SDL's closing share price of 598 pence on 26 August 2020.

On the basis of the Exchange Ratio and the volume-weighted average share price per RWS Share over the six month period ended 26 August 2020 of 562 pence, the Combination values each SDL Share at 688 pence, representing a premium of 40 per cent. to SDL's volume-weighted average share price over the same period.

Immediately following Completion, SDL Shareholders will own approximately 29.5 per cent. and RWS Shareholders approximately 70.5 per cent. of the Combined Group on a fully diluted basis.

### **Strategic rationale for the Combination**

The Combination will create the world's leading language services and technology group. The Combined Group will have broad capabilities across a range of language services, language and content software and IP services, combining the complementary strengths of RWS' specialist technical translation and localisation capabilities with SDL's software, machine translation and AI capabilities.

The Combined Group will be the largest language services and software company in the world and will have an expanded geographical footprint across the US, UK, continental Europe, Asia, Canada and South America. The greater scale and capabilities of the Combined Group will create an enhanced product and service proposition for both companies' customers around the world. The Combined Group will serve an expanded blue chip customer base with limited overlap across its core markets, including 90 of the world's top 100 brands by value, all the top 10 pharmaceutical companies globally, many of the major West Coast technology businesses, and approximately half of the top 20 patent filers worldwide.

The highly complementary nature of the two companies' existing customer bases and product service offerings, combining SDL's proprietary technology and translation workflow software with RWS' specialist capabilities, are expected to generate increased translation volumes for the Combined Group through leveraging the two companies' significant investments in their respective technologies and capabilities, as well as through cross-selling and up-selling to customers.

### **Financial rationale for the Combination**

The Combination will result in a Combined Group with attractive margins, a highly cash generative profile and a strong balance sheet.

The RWS Board expects that the Combination will result in significant run-rate annual cost synergies of at least £15 million by the end of the first full financial year post Completion through combining corporate and support functions, optimising the Combined Group's sales and marketing activities, aligning certain third party spend and maximising operating efficiencies in overlapping language translation activities.

In addition, the RWS Board expects that the Combination will, over time, provide the opportunity for further margin improvements and revenue synergies due to increased utilisation of SDL's market leading technology and the exploitation of cross-selling opportunities, particularly in relation to RWS' IP Services and SDL's content technologies.

The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion.

The SDL Board believes that the Combination will result in enhanced value for SDL Shareholders reflecting a combination of the agreed Exchange Ratio, participation in the continuation of RWS' dividend policy post Completion and the significant synergy potential of the proposed transaction.

### **The Combined Group**

Upon Completion, the Combined Group will be called RWS, headquartered in Chalfont St Peter and listed on AIM.

The Combined Group will draw on the significant talent in both companies to optimise the benefits of the Combination for customers, shareholders and other stakeholders.

Upon Completion it is intended that:

- Andrew Brode, Chairman of RWS, will become Chairman of the Board of the Combined Group;
- Richard Thompson, CEO of RWS, will become CEO of the Combined Group;
- Desmond Glass, CFO of RWS, will become CFO of the Combined Group;
- The rest of the Board of the Combined Group will comprise four non-executive directors;
- Two of these will be existing non-executive directors of RWS, David Shrimpton, who will not stand for re-election at the first Annual General Meeting of the Combined Group and will be replaced by a new externally appointed non-executive director, and Lara Boro who will become senior independent director when David Shrimpton stands down; and
- Two of these will be existing non-executive directors of SDL, one of which will be David Clayton, non-executive Chairman of SDL.

In addition, upon Completion it is intended that Azad Ootam, CTO of SDL, will become CTO of the Combined Group.

With effect from Completion, it is intended that the service agreement of each SDL Executive Director (being Adolfo Hernandez and Xenia Walters) will be terminated and each SDL Executive Director will enter into a settlement agreement with SDL, which will include payment to each SDL Executive Director of an agreed amount in lieu of notice. It is intended that each SDL Executive Director will enter into a new service or consultancy agreement with RWS with effect from Completion, further details of which are set out at paragraph 20.

Any executive or non-executive directors of RWS or SDL not appointed to the Board of the Combined Group will step down from the RWS Board or the SDL Board (as applicable) upon Completion. The RWS Board and the SDL Board note with thanks the contribution of those departing directors to their respective companies in recent years.

### **Capital structure and dividend policy of the Combined Group**

At Completion, the Combined Group will have a strong balance sheet and significant financing available to it, and is expected to have a net cash position. The Combined Group will be well positioned to invest in organic growth opportunities and to pursue the most attractive, value-enhancing acquisitions in the highly fragmented and competitive global language services sector. It is expected that these acquisitions would be

complementary to the capabilities of the Combined Group and would either extend its range of services or increase its geographical coverage.

The RWS Board expects that the Combined Group will maintain RWS' progressive dividend policy, which has delivered uninterrupted dividend growth since RWS listed in 2003. The RWS Board believes that this would result in a significant uplift in dividend payments to SDL Shareholders, with the scale and balance sheet strength of the Combined Group further underpinning its ability to maintain growth in future dividend payments.

## **Recommendations**

### *SDL Board*

The SDL Directors, who have been so advised by Rothschild & Co as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. In providing its advice to the SDL Directors, Rothschild & Co has taken into account the commercial assessments of the SDL Directors. Rothschild & Co is providing independent financial advice to the SDL Directors for the purposes of Rule 3 of the Takeover Code. Accordingly, the SDL Directors intend to recommend unanimously that SDL Shareholders vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting.

### *RWS Board*

In order to allot the New RWS Shares, RWS will be required to seek the approval of the RWS Shareholders at the RWS General Meeting. The Combination is accordingly conditional on such approval being obtained.

The RWS Directors have received financial advice from Canaccord Genuity and Gleacher Shacklock in relation to the Combination. In providing their advice to the RWS Directors, Canaccord Genuity and Gleacher Shacklock have taken into account the RWS Directors' commercial assessment of the Combination.

The RWS Directors consider the Combination to be in the best interests of RWS Shareholders as a whole and intend to recommend unanimously that RWS Shareholders vote in favour of the RWS Resolution to be proposed at the RWS General Meeting, as those RWS Directors who are interested in RWS Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 90,494,140 RWS Shares representing, in aggregate, approximately 32.9 per cent. of RWS' issued ordinary share capital as at the close of business on the Latest Practicable Date.

Further details of the above irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this Announcement.

## **Irrevocable undertakings and letters of support**

The SDL Directors who are interested in SDL Shares have irrevocably undertaken to vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting, in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 391,965 SDL Shares representing, in aggregate, approximately 0.4 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

RWS has also received non-binding letters of support from certain SDL Shareholders to vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting, in respect of 30,515,552 SDL Shares representing, in aggregate, approximately 33.4 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

RWS has therefore received irrevocable undertakings and letters of support in respect of a total number of 30,907,517 SDL Shares representing, in aggregate, approximately 33.9 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of support (and the circumstances in which the irrevocable undertakings will cease to be binding) are set out in Appendix 3.

### **General**

The Combination is expected to be effected by means of a court-sanctioned scheme of arrangement between SDL and SDL Scheme Shareholders under Part 26 of the Companies Act, further details of which are contained in the full text of this Announcement (and will be included in the Scheme Document). RWS reserves the right to implement the Combination by way of a Takeover Offer, subject to the Panel's consent and the terms of the Co-operation Agreement.

The Combination will also be subject to the conditions and further terms set out in Appendix 1 to this Announcement and to be set out in the Scheme Document. It is expected that the Scheme Document (including notices of the SDL Meetings) together with the relevant Forms of Proxy will be sent to SDL Shareholders within 28 days of the date of this Announcement (or on such later date as may be agreed by RWS and SDL with the consent of the Panel).

It is expected that the RWS Circular, which will contain notice of the RWS General Meeting, will be published and mailed to RWS Shareholders at or around the same time as the Scheme Document is posted to SDL Shareholders.

The Scheme Document and the RWS Circular will each be made available by RWS on its website at <https://www.RWS.com/investor-relations/> and by SDL on its website at <https://www.SDL.com/about/investor-relations>.

The RWS General Meeting will be held on the same day as the SDL Meetings, which are expected to be held in early October 2020. The Scheme is expected to be effective in Q4 2020, subject to satisfaction or (where applicable) waiver of the Conditions and certain further terms set out in Appendix 1 to this Announcement.

Commenting on the Combination, Andrew Brode, Chairman of RWS said:

*“Bringing together our two businesses creates the world’s leading language services and technology group, allowing us to provide a broader and enhanced offer to an expanded client base. As a Combined Group we will have comprehensive capabilities across a range of language services, language and content software and solutions, and IP services, further enhancing the two companies’ customer propositions.*

*“We have a proven track record of creating shareholder value through the successful integration of businesses and we are confident that the Combined Group will deliver compelling strategic and financial benefits, as well as generating significant synergies for shareholders of both companies.*

*“The Combined Group will have an attractive cash generative profile and is expected to have a net cash position at Completion, which will enable future investment in organic and acquisitive growth opportunities, alongside the continuation of our progressive dividend policy.*

*“We look forward to working with the SDL team to maximise the significant opportunities ahead.”*

Commenting on the Combination, David Clayton, Non-Executive Chairman of SDL said:

*“Having served as Chairman of SDL for seven years, I have been particularly delighted to see the growth of our business, with SDL now recognised as having market leading technology. On behalf of the SDL Board, I would like to thank the management team under the leadership of Adolfo and Xenia and our employees worldwide for making SDL the company it is today. The implied premium of 52 per cent. for SDL Shareholders is a reflection of this achievement. The Combination will create the world’s largest language services and technology group, leveraging the strengths of both businesses for the benefits of our customers as well as our shareholders, and I am particularly excited by the opportunity to lever our market leading technology and workflow solutions across the Combined Group. I believe that the scale of the Combined Group will provide significant opportunities for our employees to play a significant role in transforming our industry for the benefit of our customers.”*

**This summary should be read in conjunction with, and is subject to, the full text of this Announcement (including the Appendices). The Combination will be subject to the Conditions and further terms set out in Appendix 1 to this Announcement and to the full terms and conditions which will be set out in the Scheme Document. Appendix 2 contains the bases and sources of certain information used in this summary and this Announcement. Appendix 3 contains details of the irrevocable undertakings and letters of support received in relation to the Combination which are referred to in this Announcement. Appendix 4 contains details of and bases of calculation of the quantified financial benefits of the Combination. Appendix 5 contains definitions of certain terms used in this summary and this Announcement.**

**For the purposes of Rule 28 of the Takeover Code, quantified financial benefits statements contained in this Announcement are the responsibility of RWS and the RWS Directors. Appendix 4 sets out the quantified financial benefits statements relating to cost savings and synergies arising out of the Combination and provides underlying information and bases of belief. Appendix 4 also includes reports from RWS’ reporting accountant, PricewaterhouseCoopers, and its joint financial advisers, Canaccord Genuity and Gleacher Shacklock, in connection with quantified financial benefits statements, as required pursuant to Rule 28.1(a) of the Takeover Code, and provides underlying information and bases for the accountant’s and advisers’ respective reports. Each of PricewaterhouseCoopers, Canaccord Genuity and Gleacher Shacklock has given and not withdrawn its consent to the publication of its report in this Announcement in the form and context in which it is included.**

#### **Analyst and investor presentation**

RWS and SDL will host a joint conference call for analysts on 27 August 2020 at 8.30 a.m.. Participants may join the call by dialing one of the following numbers, approximately 10 minutes before the start of the call.

Dial in: 0203 7696819

Conference Code: 592967

Link: [http://bit.ly/Webinar\\_27\\_8\\_20](http://bit.ly/Webinar_27_8_20)

Webinar ID: 845-931-587

A copy of RWS' and SDL's joint presentation will be available at 8.00 a.m. today at <https://www.RWS.com/investor-relations/>.

This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for this Announcement on behalf of RWS is Desmond Glass, Chief Financial Officer and Company Secretary. The person responsible for this Announcement on behalf of SDL is Xenia Walters, Chief Financial Officer.

#### **Enquiries**

**RWS Holdings plc** +44 (0)17 5348 0200

Andrew Brode, Chairman

Richard Thompson, Chief Executive Officer

**Canaccord Genuity Limited (Joint Financial Adviser to RWS)** +44 (0)20 7523 8000

Simon Bridges, Hanan Lee

**Gleacher Shacklock LLP (Joint Financial Adviser to RWS)** +44 (0)20 7484 1150

Dominic Lee, Tom Quinn, Lewis Robinson

**Berenberg (Joint Broker to RWS)** +44 (0)20 3207 7800

Ben Wright, Toby Flaux, Alix Mecklenburg-Solodkoff

**Numis Securities (Nominated Adviser and Joint Broker to RWS)** +44 (0)20 7260 1000

Stuart Skinner, Kevin Cruickshank, William Baunton

**MHP (Financial PR Adviser to RWS)** +44 (0)20 3128 8794

Katie Hunt, Simon Hockridge, Catherine Chapman

**SDL plc** +44 (0)16 2841 0100

David Clayton, Non-Executive Chairman

Adolfo Hernandez, Chief Executive Officer

**Rothschild & Co. (Financial Adviser to SDL)** +44 (0)20 7280 5000

Warner Mandel, Anton Black, Avalon de Paravicini

**Investec (Joint Broker to SDL)**

+44 (0)20 7597 1234

David Flin, Andrew Pinder, Ben Griffiths

**N+1 Singer (Joint Broker to SDL)**

+44 (0)20 7496 3000

Shaun Dobson, Steve Pearce, Ben Farrow

**Luther Pendragon (Financial PR Adviser to SDL)**

+44 (0)20 7618 9100

Harry Chathli, Claire Norbury, Alexis Gore

CMS Cameron McKenna Nabarro Olswang LLP are retained as legal adviser for RWS.

DLA Piper UK LLP are retained as legal adviser for SDL.

**Important notices relating to financial advisers**

*Canaccord Genuity Limited (“**Canaccord Genuity**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Canaccord Genuity or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*Gleacher Shacklock LLP (“**Gleacher Shacklock**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Gleacher Shacklock or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*Joh. Berenberg, Gossler & Co. KG, London Branch (“**Berenberg**”), which is regulated by the German Federal Financial Supervisory Authority (BaFin) and subject to limited regulation in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Berenberg or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*Numis Securities Limited (“**Numis**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Numis or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*N.M. Rothschild & Sons Limited (“**Rothschild & Co**”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with*



*the subject matter of this Announcement and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.*

*Investec Bank plc (“Investec”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.*

*Nplus1 Singer Advisory LLP (“N+1 Singer”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.*

#### **Further information**

*This Announcement is for information purposes only. It is not intended to and does not constitute, or form part of, any offer, invitation or the solicitation of an offer 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 Combination or otherwise, nor shall there be any sale, issuance or transfer of securities of SDL pursuant to the Combination or otherwise in any jurisdiction in contravention of applicable law. The Combination will be implemented solely by means of the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the offer document) or any document by which the Combination is made which will contain the full terms and conditions of the Combination, including details of how to vote in respect of the Combination.*

*SDL will prepare the Scheme Document to be distributed to SDL Shareholders. SDL and RWS urge SDL Shareholders to read the Scheme Document carefully as it will contain important information relating to the Combination, the New RWS Shares and the Combined Group. Any vote in respect of resolutions to be proposed at the SDL Shareholders Meetings to approve the Combination, the Scheme or related matters, should be made only on the basis of the information contained in the Scheme Document. Each SDL Shareholder is urged to consult its independent professional advisers immediately regarding the tax consequences of the Combination applicable to them.*

*It is expected that the Scheme Document (including notices of the SDL Meetings) together with the relevant Forms of Proxy will be sent to SDL Shareholders within 28 days of the date of this Announcement (or on such later date as may be agreed by RWS and SDL with the consent of the Panel). RWS will prepare the RWS Circular to be distributed to RWS Shareholders and which will be available on RWS' website at <https://www.RWS.com/investor-relations/> and SDL's website at <https://www.SDL.com/about/investor-relations>. RWS urges RWS Shareholders to read the RWS Circular when it becomes available. Any vote in respect of the RWS Resolution should be made only on the basis of the information in the RWS Circular. It is expected that the RWS Circular (including the notice of the RWS General Meeting) together with the RWS Form of Proxy, will be posted to RWS Shareholders as soon as is reasonably practicable and in any event within 28 days of this Announcement, unless otherwise agreed with the Panel.*

*The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them.*

*This Announcement does not constitute a prospectus or prospectus equivalent document. The New RWS Shares to be issued pursuant to the Combination are not being offered to the public by means of this Announcement. The Combination will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

*Please be aware that addresses, electronic addresses and certain other information provided by SDL Shareholders, persons with information rights and other relevant persons for the receipt of communication by SDL may be provided to RWS during the Offer Period as required by Section 4 of Appendix 4 of the Takeover Code.*

### **Overseas Shareholders**

*This Announcement has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.*

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom, or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to participate in the Combination or to vote their SDL Shares in respect of the Scheme at the SDL Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the SDL Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by RWS or required by the Takeover Code and permitted by applicable law and regulation, participation in the Combination 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 Combination by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported vote in respect of the Combination.*

*If the Combination is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or*

*any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of the New RWS Shares under the Combination to SDL Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident or to which they are subject. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

### **Notice to US investors**

*SDL Shareholders in the United States should note that the Combination relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to procedural and disclosure requirements and practices applicable in the United Kingdom to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which are different from the disclosure requirements of the tender offer and proxy solicitation rules under the US Exchange Act. RWS reserves the right, subject to the prior written consent of the Panel and the terms of the Co-operation Agreement, to elect to implement the Combination by way of a Takeover Offer. If in the future RWS exercises its right to implement the Combination by way of a Takeover Offer, such Takeover Offer will be made in compliance with all applicable laws and regulations, including, without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such Takeover Offer would be made in the United States by RWS and no one else. In addition to any such Takeover Offer, RWS, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in SDL outside such Takeover Offer during the period in which such Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service of the FCA and will be available on the London Stock Exchange website: <http://www.londonstockexchange.com/>.*

*The financial information included in this Announcement and other documentation related to the Combination has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US generally accepted accounting principles.*

*The New RWS Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act. The New RWS Shares are expected to be issued in*

*reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. SDL Shareholders who are or will be “affiliates” (within the meaning of Rule 144 of the US Securities Act) of RWS or SDL prior to, or of RWS after, the Effective Date will be subject to certain US transfer restrictions relating to the New RWS Shares received pursuant to the Scheme as will be further described in the Scheme Document.*

*For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereunder, SDL will advise the Court that the Court’s sanctioning of the Scheme will be relied on by RWS as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to SDL Shareholders at which all SDL Shareholders are entitled to appear in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification is given to all SDL Shareholders.*

*None of the securities referred to in this Announcement have been approved or disapproved by the SEC or any US state securities commission, nor have any such authorities passed judgment upon the fairness or the merits of the Combination or determined if this Announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.*

*SDL Shareholders in the United States also should be aware that the transaction contemplated herein may have tax consequences in the United States and that such consequences, if any, are not described herein. SDL Shareholders in the United States are urged to consult with independent professional advisors regarding the legal, tax and financial consequences of the Combination applicable to them.*

*It may be difficult for SDL Shareholders in the United States to enforce their rights and claims arising out of the US federal securities laws since RWS and SDL are organised in countries other than the United States and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. SDL Shareholders in the United States may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US federal securities laws. SDL Shareholders in the United States may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.*

*Further details in relation to US investors will be contained in the Scheme Document.*

### **Forward looking statements**

*This Announcement (including information incorporated by reference into this Announcement), any oral statements made by RWS or SDL in relation to the Combination and other information published by RWS or SDL may contain statements about RWS, SDL and the Combined Group that are or may be forward looking statements. All statements other than statements of historical fact included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "goals", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "hopes", "continues", "would", "could", "should" or words or terms of similar*

*substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of RWS' or SDL's or the Combined Group's operations and potential synergies resulting from the Combination.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and/or the operations of RWS, SDL or the Combined Group and are based on certain assumptions and assessments made by RWS and SDL in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Except as expressly provided in this Announcement, they have not been reviewed by the auditors of RWS or SDL. Although it is believed that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place reliance on these forward looking statements which speak only as at the date of this Announcement. Neither SDL nor RWS, nor any of their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them assumes any obligation to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise) except as required by applicable law (including as required by the Takeover Code, the AIM Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules).*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.*

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

### **Quantified Financial Benefits Statement**

*Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this Announcement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the financial year ended 30 September 2022, being the first full financial year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of RWS or SDL for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this Announcement is the responsibility of RWS and the RWS Directors.*

### **Profit forecasts and estimates**

*No statement in this Announcement is intended to constitute a profit forecast or profit estimate and no statement in this Announcement should be interpreted to mean that the earnings or future earnings per share of or dividends or future dividends per share of RWS or SDL for current or future financial years will necessarily match or exceed the historical or published earnings or dividends per share of RWS or SDL, as appropriate.*

### **Rounding**

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

### **Disclosure requirements of the Takeover Code**

*Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code 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 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code 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 of the Takeover Code.*

*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 either of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).*

*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.*

### **Rule 2.9 Disclosure**

*In accordance with Rule 2.9 of the Takeover Code, SDL announces that, as at close of business on the Latest Practicable Date, it has 91,248,003 SDL Shares in issue and admitted to trading on the London Stock Exchange. SDL has no SDL Shares held in Treasury. The International Securities Identification Number (ISIN) of the SDL Shares is GB0009376368.*

*In accordance with Rule 2.9 of the Takeover Code, RWS announces that as at close of business on the Latest Practicable Date, it has 275,188,492 RWS Shares in issue and admitted to trading on AIM. RWS has no RWS Shares held in Treasury. The ISIN of the RWS Shares is GB00BVFCZV34.*

### **Requesting Hard Copy Documents**

*Pursuant to Rule 30.3 of the Takeover Code, a person so entitled may request a copy of this Announcement and any information incorporated into it by reference to another source in hard copy form. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Combination should be in hard copy form.*

*RWS Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) by writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is important that you note that unless you make such a request, a hard copy of this Announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.*

*SDL Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) by writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is important that you note that unless you make such a request, a hard copy of this Announcement and any such information*

*incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.*

***Publication on website***

*A copy of this Announcement will be made available, free of charge subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on RWS' website at <https://www.RWS.com/investor-relations/> and on SDL's website at <https://www.SDL.com/about/investor-relations> by no later than 12 noon on the Business Day following the date of this Announcement.*

*Neither the content of the websites referred to in this Announcement nor the content of any website accessible from hyperlinks on RWS' website or SDL's website (or any other website) is incorporated into, or forms part of, this Announcement.*

*The Combination is subject to the provisions of the Takeover Code.*



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

**THIS ANNOUNCEMENT IS DEEMED BY RWS AND SDL TO CONTAIN INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATION NO 596/2014. UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA A REGULATORY INFORMATION SERVICE, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.**

**THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND NOT A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT AND INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE NEW RWS SHARES EXCEPT ON THE BASIS OF INFORMATION IN THE SCHEME DOCUMENT AND THE RWS CIRCULAR WHICH ARE PROPOSED TO BE PUBLISHED IN DUE COURSE**

**FOR IMMEDIATE RELEASE**

**27 August 2020**

## **Recommended All-Share Combination**

**of**

**RWS Holdings plc (“RWS”) and SDL plc (“SDL”)**

### **1. Introduction**

The RWS Board and the SDL Board are pleased to announce that they have reached agreement on the terms of a recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL, to be effected by means of a court-sanctioned scheme of arrangement between SDL and SDL Scheme Shareholders under Part 26 of the Companies Act (the “**Combination**” to form the “**Combined Group**”).

### **2. The Combination**

Under the terms of the Combination, SDL Scheme Shareholders will be entitled to receive:

1.2246 New RWS Shares in exchange for each SDL Share.

Based on this Exchange Ratio and the Closing Price of 741 pence per RWS Share on the Latest Practicable Date, the Combination values each SDL Share at 907 pence and SDL’s existing issued and to be issued share capital at approximately £854 million, representing a premium of:

- 52 per cent. to SDL’s closing share price of 598 pence on 26 August 2020.

On the basis of the Exchange Ratio and the volume-weighted average share price per RWS Share over the six month period ended 26 August 2020 of 562 pence, the Combination values each SDL Share at 688 pence, representing a premium of 40 per cent. to SDL’s volume-weighted average share price over the same period.

Immediately following Completion, SDL Shareholders will own approximately 29.5 per cent. and RWS Shareholders approximately 70.5 per cent. of the Combined Group on a fully diluted basis.

The New RWS Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the RWS Shares in issue at the time the New RWS Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. Application will be made for the New RWS Shares to be admitted to AIM.

In the event that the Combination is to be implemented by way of a Takeover Offer, the SDL Shares will be acquired pursuant to such offer fully paid and free from all liens, charges, equitable interests, encumbrances and rights of pre-emption and any other interests of any nature whatsoever and together with all rights attaching thereto.

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

#### ***Summary***

The RWS Board and SDL Board believe that the Combination will deliver material value for both sets of shareholders and that there is a compelling strategic rationale for the Combination. In summary, the RWS Board and the SDL Board believe that the Combination will create the world's leading language services and technology group which will have a number of competitive advantages, achieved through:

- Bringing together RWS' specialist technical language services and SDL's language technology expertise;
- Enhancing the customer proposition of the Combined Group and, over time, generating margin improvements and revenue synergy opportunities;
- Substantially strengthening the Combined Group's language services positions in the life sciences and technology sectors;
- Positioning the Combined Group with attractive margins and a highly cash generative profile;
- Creating an enlarged group with a strong balance sheet and providing a platform from which to invest in organic and inorganic growth opportunities; and
- Generating substantial value from at least £15 million of cost synergies.

#### ***Bringing together RWS' specialist technical language services and SDL's language technology expertise***

The Combined Group will have broad capabilities across a range of language services, language and content software and IP services, combining the strengths of RWS' specialist technical translation and localisation capabilities with SDL's software, machine translation and AI capabilities.

The Combination will bring together the technology-enabled language services of SDL with RWS' translation and localisation business, creating a highly attractive customer proposition with pro forma revenue of over £700 million in the high growth language services market. With a global market opportunity of approximately \$57 billion currently served by a highly fragmented and competitive industry of over 18,000 language services providers, the Combined Group is expected to have a number of competitive advantages from its reputation for quality, specialist capabilities, scale and the breadth of its services.

The Combined Group will also have a highly attractive technology proposition enhanced by SDL's leading software, machine translation and AI capabilities. As globalisation, technological developments and the value of data drive the need for process optimisation across all industries in which RWS' and SDL's clients operate, the Combined Group will provide the bandwidth to manage its clients' data securely on tech-enabled scalable platforms which will drive further innovation, agility, and efficiency.

***Enhancing the customer proposition of the Combined Group and, over time, generating margin improvements and revenue synergy opportunities***

The Combined Group will be the largest language services and technology company in the world and will have an expanded geographical footprint across the US, UK, continental Europe, Asia, Canada and South America. The greater scale and capabilities of the Combined Group will create an enhanced product and service proposition for both companies' customers around the world.

The Combined Group will serve an expanded blue chip customer base with limited overlap across its core markets, and will benefit from the complementary nature of the two companies' existing customer bases. Clients include some of the largest global companies in the technology, life sciences, pharmaceutical, medical, chemical, automotive and telecoms industries, including 90 of the world's top 100 brands by value, all the top 10 pharmaceutical companies globally, many of the major West Coast technology businesses, and approximately half of the top 20 patent filers worldwide.

The highly complementary nature of the two companies' existing customer bases and product service offerings, combining SDL's proprietary technology and translation workflow software with RWS' specialist capabilities, are expected to generate increased translation volumes for the Combined Group through leveraging the two companies' significant investments in their respective technologies and capabilities, as well as through cross-selling and up-selling to customers.

The RWS Board expects that the Combination will, over time, provide opportunity for revenue synergies. For example, the Combination will create the opportunity to cross-sell RWS' IP Services to the SDL customer base and SDL's content technologies to the RWS customer base.

***Substantially strengthening the Combined Group's language services positions in the life sciences and technology sectors***

The Combination will bring together RWS' Life Sciences division with SDL's equivalent Life Sciences focused operations, creating a significant customer proposition in the \$1.9 billion high growth language services segment of the \$1.4 trillion Life Sciences industry. By bringing together the blue-chip life science client bases of the two companies and harnessing RWS' reputation for quality and SDL's technological capabilities, the Combined Group expects this segment to be a key driver of long term growth, supported by significant cross-selling and up-selling opportunities.

The Combination will also create a compelling customer proposition serving the technology industry by bringing together the large enterprise clients of Moravia and SDL, which will benefit customers through an enhanced service, a streamlined delivery channel and additional innovative products, and the Combined Group through efficiencies and economies of scale. The Combined Group will also benefit from existing long term relationships with many of the major West Coast technology businesses, and the Combination will provide a full suite of services to help its technology clients continue to grow their brands globally and make

content relevant and understandable to audiences worldwide, whilst maintaining a consistent and relevant brand voice.

***Positioning the Combined Group with attractive margins and a highly cash generative profile***

The Combination will create a Combined Group with pro forma FY2019 revenues of £732 million, FY2019 adjusted operating profit of £116 million, implying an attractive margin profile of over 15 per cent, before synergies, and FY2019 adjusted profit before tax of £109 million. RWS' management believes this can be further improved in the long term, as expected increases in translation volumes leverage previous significant investments in both companies' technologies and capabilities.

The Combined Group will also have a highly cash generative profile assisted by its limited capital requirements.

The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion.

The SDL Board believes that the Combination will result in enhanced value for SDL Shareholders reflecting a combination of the agreed Exchange Ratio, participation in the continuation of RWS' dividend policy post Completion and the significant synergy potential of the proposed transaction.

***Creating an enlarged group with a strong balance sheet and providing a platform from which to invest in organic and inorganic growth opportunities***

At Completion, the Combined Group will have a strong balance sheet and significant financing available to it under RWS' US\$120 million banking facility, and is expected to have a net cash position.

The Combined Group will be well positioned to invest in organic growth opportunities and to pursue the most attractive, value-enhancing acquisitions in the highly fragmented and competitive global language services sector. It is expected that these acquisitions would be complementary to the capabilities of the Combined Group and would either extend its range of services or increase its geographical coverage.

***Generating substantial value from at least £15 million of cost synergies***

The RWS Board, having reviewed and analysed the potential synergies of the Combination, and based on its experience of operating in the translation services, software and localisation sectors, is confident that as a direct result of the Combination, the Combined Group will generate attractive cost synergies and create additional shareholder value.

The RWS Board has consulted with the SDL management team on the scale of available cost synergies, and with the benefit of their experience of running a software business, as well as taking into account the factors it can influence, believes that the Combination will generate significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion.

These anticipated cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis. The potential sources of quantified cost synergies are in addition to any savings previously targeted and already underway by either RWS or SDL.

The constituent elements of these quantified cost synergies, which are expected to originate from the cost bases of both RWS and SDL, comprise:

- **Combining corporate and support functions:** Approximately 40 per cent. of the cost savings are expected to be generated from the rationalisation and consolidation of corporate and support functions, including the removal of duplicate public company costs, the consolidation and rationalisation of the Combined Group's Board and executive leadership teams, and the combination of other group support functions;
- **Optimising the Combined Group's sales and marketing activities:** Approximately 40 per cent. of the cost savings are expected to be generated from the optimisation of the sales and marketing functions of the Combined Group, including by sharing best practices and removing duplicate activities;
- **Aligning certain third party spend:** Approximately 15 per cent. of the cost savings are expected to be generated from the alignment of expenses policies across the Combined Group and the removal of duplicative third party costs; and
- **Maximising operating efficiencies in overlapping language translation activities:** The balance of the cost savings is expected to be generated from limited actions to rationalise overlapping teams within the Combined Group's language translation activities.

In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature and incurred in the financial year in which Completion occurs.

Whilst there is pricing and volume risk in certain areas of customer overlap, based on the analysis to date and aside from the one-off integration cash costs referred to above, the RWS Directors do not expect material dis-synergies to arise as a result of the Combination.

Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 4 to this Announcement. These estimated synergies have been reported on under the Takeover Code by PricewaterhouseCoopers, and by RWS' joint financial advisers, Canaccord Genuity and Gleacher Shacklock. Copies of their letters are included in Parts B and C of Appendix 4. References in this Announcement to those estimated cost savings should be read in conjunction with Appendix 4.

In addition the board of RWS has identified further cost savings, which have not been quantified and therefore have not been reported on under the Takeover Code.

#### **4. Recommendations**

##### *SDL Board*

The SDL Directors, who have been so advised by Rothschild & Co as to the financial terms of the Combination, consider the terms of the Combination to be fair and reasonable. In providing its advice to the SDL Directors, Rothschild & Co has taken into account the commercial assessments of the SDL Directors. Rothschild & Co is providing independent financial advice to the SDL Directors for the purposes of Rule 3 of the Takeover Code. Accordingly, the SDL Directors intend to recommend unanimously that SDL Shareholders vote in favour of

the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting.

#### *RWS Board*

In order to allot the New RWS Shares, RWS will be required to seek the approval of the RWS Shareholders at the RWS General Meeting. The Combination is accordingly conditional on such approval being obtained.

The RWS Directors have received financial advice from Canaccord Genuity and Gleacher Shacklock in relation to the Combination. In providing their advice to the RWS Directors, Canaccord Genuity and Gleacher Shacklock have taken into account the RWS Directors' commercial assessment of the Combination.

The RWS Directors consider the Combination to be in the best interests of RWS Shareholders as a whole and intend to recommend unanimously that RWS Shareholders vote in favour of the RWS Resolution to be proposed at the RWS General Meeting, as those RWS Directors who are interested in RWS Shares have irrevocably undertaken to do in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 90,494,140 RWS Shares representing, in aggregate, approximately 32.9 per cent. of RWS' issued ordinary share capital as at the close of business on the Latest Practicable Date.

Further details of the above irrevocable undertakings, including the circumstances in which they cease to be binding, are set out in Appendix 3 to this Announcement.

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

The Board of SDL remains confident in the standalone prospects of SDL and is pleased with the substantive progress made over the last few years across its strategic priorities. The strong delivery against strategic and operational initiatives saw SDL generate record revenues of £376.3 million and further Adjusted Operating Profit growth to a total of £37.2 million in its financial year ending 31 December 2019.

The rationale for, and benefits of, the Combination are set out in paragraph 3 of this Announcement. While the Board of SDL considers the standalone prospects for SDL to be strong, there are clear and compelling benefits to RWS, SDL and their customers in a combination of the two companies.

SDL has developed strong specialist capabilities focusing on higher growth customers and segments through its solutions and differentiated offerings including its highly specialised technology portfolio. SDL works with many of the world's largest companies across a variety of industries including high-tech, life sciences, retail/travel, automotive/manufacturing, financial services and government/defence. With increased scale and larger business, the Combined Group can enhance its service offering to its existing customers and drive SDL towards its stated aim of becoming a leader in language services and language and content technologies and solutions. Similarly, RWS is one of the largest specialist technical translation and localisation companies which, augmented with the machine translation and artificial intelligence capabilities of SDL, will provide a complementary and adjacent product offering. Combining some of the operational aspects of the respective businesses will unlock value and extend the product and service reach, enhance operational capability and create a compelling and highly attractive customer proposition in language services and technology.

In addition, the Board of SDL believes the Combination provides an opportunity to build a platform to deliver more innovative future solutions and a strong balance sheet to invest in organic and inorganic growth opportunities. SDL believes that the scale and reach of the Combined Group will position the business across a number of markets which it will be well placed to serve and grow.

Based on the Closing Price of 741 pence per RWS Share on the Latest Practicable Date, the Combination values each SDL Share at 907 pence, comprising an equity value of £854 million which represents a premium of approximately 52 per cent over SDL's ordinary share price of 598 pence as at the Latest Practicable Date.

For the reasons outlined above, the SDL Board believes the strategic and financial rationale of the Combination to be particularly compelling. The Combination is expected to result in enhanced value for SDL Shareholders, reflecting a combination of the agreed Exchange Ratio, participation in the continuation of RWS' dividend policy post-Completion and significant synergy potential of the proposed transaction.

Furthermore, the Board of SDL believes that the terms of the Combination fairly reflect SDL and RWS' respective standalone businesses and their prospects, an appropriate sharing of the expected synergies resulting from the Combination, and the proposed balance of the Board and management team of the Combined Group. The share for share Combination enables SDL Shareholders to participate fully in the potential value creation of the Combination and benefit from future shareholder returns, including participating in the continuation of RWS' stated dividend policy following Completion. The Board of SDL is pleased that two of its non-executive directors will join the Board of the Combined Group and that SDL's CTO will join the management team of the Combined Group in delivering the successful integration of SDL and RWS and the resulting synergies.

## **6. Dividends and RWS dividend policy**

Under the Co-operation Agreement, RWS has committed, subject to certain exceptions, not to announce, declare, make or pay any dividend or any other distribution on or after the date of this Announcement and prior to Completion. If RWS announces, declares, makes or pays any dividend (other than, or in excess of, an RWS Equalising Dividend) or other distribution or return of capital on or after the date of this Announcement and prior to Completion, there will be no change to the Exchange Ratio; however, SDL reserves the right to pay an equalising dividend to its shareholders in this event ("**SDL Equalising Dividend**").

If any dividend (other than, or in excess of, an SDL Equalising Dividend) or other distribution or return of capital is proposed, declared, made, paid or becomes payable by SDL in respect of an SDL Share on or after the date of this Announcement and with a record date on or before the Scheme Record Time, RWS reserves the right to pay an equalising dividend to its shareholders ("**RWS Equalising Dividend**"). Any exercise by RWS of its rights referred to in this Condition shall be the subject of an Announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.

### *Dividend policy post Completion*

The RWS Board expects that the Combined Group will maintain RWS' progressive dividend policy, which has delivered uninterrupted dividend growth since RWS listed in 2003. The RWS Board believes that this would result in a significant uplift in dividend payments to SDL Shareholders, with the scale and balance sheet strength of the Combined Group further underpinning its ability to maintain growth in future dividend payments.

## **7. Information on RWS**

RWS is one of the world's largest providers of intellectual property support services (patent translations, international patent filing solutions and searches), a significant provider of life sciences translations and linguistic validation, a highly experienced localisation provider, and a high-level specialist language service provider in other technical areas, providing for the diverse needs of a blue-chip multinational client base

spanning Europe, North America and Asia. Its clients include all the top 10 pharmaceutical companies globally, many of the major West Coast technology businesses, and approximately half of the top 20 patent filers worldwide.

RWS has a 16 year track record of unbroken growth since its IPO, which has resulted in material value creation for its shareholders. RWS reported revenues of £356 million and adjusted profit before tax of £74 million for the twelve months ended 30 September 2019, increases of 16% and 20% respectively versus the prior financial year. More recently, RWS reported revenues of £170 million and adjusted profit before tax of £33 million for the six months ended 31 March 2020, followed by strong trading performance in April and strong sales in May.

RWS has a successful track record of combining with businesses, including having successfully integrated RWS Moravia following its acquisition in 2017. Most recently, RWS announced the acquisitions of Iconic and Webdunia in June 2020, which complement RWS' existing translation, localisation and technology services and strengthen RWS' machine translation capabilities.

RWS is based in the UK, with 36 offices across five continents. It translates over 2 billion words annually and supports the translation of over 260 languages. The company is listed on AIM (RWS.L).

## **8. Information on SDL**

SDL is a top 3 language service provider by revenue, highly experienced in language technologies and web and structured content management, and has been operating for over 25 years. The markets that SDL addresses remain attractive in the long term, underpinned by strong digital content growth and its customers' expansion into new markets.

SDL has built competitive differentiation by innovation in language services, providing advanced technology and artificial intelligence, and combining services and technology into solutions.

SDL is also developing its operating model to automate and streamline its processes and build a data-rich and scalable operation. SDL's development focuses on areas where it has real market strength to build a business that has the potential to grow faster and generate higher returns. The impact of technology, in particular neural machine translation is changing the landscape of localisation, and SDL's scale and advanced technology solutions provide a meaningful competitive advantage and a resilient business and operating model.

SDL sells to a significant number of the largest companies in its target sectors, as well as over 1,500 language service providers and 14,000 freelance translators, and its customers include 90 of the world's top 100 brands by value.

SDL operates through a network of 63 offices around the world with over 4,300 employees (including over 1,500 linguists), translating approximately 1.3 billion words a year via human translation.

SDL is listed on the premium list of the Main Market of the London Stock Exchange (LSE: SDL).

## **9. Current trading**

Current trading for both RWS and SDL continues in line with statements made in their respective half-year trading announcements on 9 June 2020 and 11 August 2020.



## **10. Employees, management and locations**

### **Strategic plans for the Combined Group**

The Combination will create the world's leading global language services and technology group which will have a number of competitive advantages. RWS believes that the Combined Group will be able to maximise its future growth and profitability potential by capitalising on the expanded and complementary product portfolio and geographic footprint, and by harnessing the teams, best practices and assets of both companies.

The Combined Group intends to move quickly to combine the existing businesses and upon Completion, the Combined Group will initiate a detailed review of the operations of both businesses to assess how they can work most effectively and efficiently together. The detailed review will define the target operating structure for the Combined Group, including evaluating opportunities to combine existing RWS and SDL divisions and support functions.

The detailed review, which is expected to take approximately three months following Completion, will provide the basis for the development of an integration programme designed to minimise disruption to customers and employees whilst delivering the expected opportunities and benefits of the Combination for the Combined Group's stakeholders. This detailed review will seek to identify the optimal structure for the Combination making the most of the expanded scale, footprint and capabilities the Combination will enjoy.

As part of this detailed review, the Board of RWS will consider combining the RWS Life Sciences division with SDL's Regulated Industries business, which includes Life Sciences, to create a stronger combined franchise. In addition, the Board of RWS will consider bringing together those operations of SDL and RWS which serve certain large enterprise customers (in SDL Language Services and RWS Moravia respectively) in order to drive the best possible customer service. The Board of RWS intends to leave RWS IP Services as a separate business unit. The Board of RWS intends to continue to run SDL Language Technologies and SDL Content Technologies as they are today. The detailed review will also consider opportunities for the Combined Group to provide more of its services through SDL's leading technology and translation workflow software in order to maximise efficiencies.

A key benefit of the Combination is the combination of SDL's proprietary technology and translation workflow software with RWS' specialist technical translation and localisation capabilities. In order to fully capture this benefit RWS expects the Combined Group will have an increased focus on technology and plans to create a new group CTO role. This role will take full responsibility for the Group's IT roadmap and resource.

In respect of corporate and support functions, including the board and executive leadership team, where overlap and duplication does exist, it is intended that, following a detailed review of the options available, activities will be consolidated to better support the future strategy of the Combined Group.

### ***Governance***

The Combined Group will draw on the significant talent in both companies to optimise the benefits of the Combination for customers, shareholders and other stakeholders.

Under the terms of the Combination, it is intended that:

- Andrew Brode, Chairman of RWS, will become Chairman of the Board of the Combined Group;

- Richard Thompson, CEO of RWS, will become CEO of the Combined Group;
- Desmond Glass, CFO of RWS, will become CFO of the Combined Group;
- The rest of the Board of the Combined Group will comprise four non-executive directors;
- Two of these will be existing non-executive directors of RWS, David Shrimpton, who will not stand for re-election at the first Annual General Meeting of the Combined Group and will be replaced by a new externally appointed non-executive director, and Lara Boro who will become senior independent director when David Shrimpton stands down; and
- Two of these will be existing non-executive directors of SDL, one of which will be David Clayton, non-executive Chairman of SDL.

In addition, upon Completion it is intended that Azad Ootam, CTO of SDL, will become CTO of the Combined Group.

With effect from Completion, it is intended that the service agreement of each SDL Executive Director (being Adolfo Hernandez and Xenia Walters) will be terminated and each SDL Executive Director will enter into a settlement agreement with SDL, which will include payment to each SDL Executive Director of an agreed amount in lieu of notice. It is intended that each SDL Executive Director will enter into a new service or consultancy agreement with RWS with effect from Completion, further details of which are set out at paragraph 20.

Any executive or non-executive directors of RWS or SDL not appointed to the Board of the Combined Group will step down from the RWS Board or the SDL Board (as applicable) upon Completion. The RWS Board and the SDL Board note with thanks the contribution of those departing directors to their respective companies in recent years.

The Combined Group will continue to prioritise its ESG agenda and is committed to achieving and maintaining high standards of corporate responsibility in its business activities.

### ***Management and employees***

RWS attaches great importance to the skills and experience of the existing employees of SDL and RWS and believes that they will benefit from greater opportunities within the Combined Group following the Combination. RWS confirms that it intends to safeguard fully the existing statutory and contractual employment and pension rights of SDL's employees and management and to make no material changes to the conditions of employment or change to the balance of skills and functions of employees across SDL.

The Board of RWS recognises that in order to achieve the expected benefits of the Combination, it will be necessary to perform a detailed review of how best to integrate the two businesses. RWS believes that there is the potential to generate cost savings in the Combined Group following Completion. As part of the preparation of the Quantified Financial Benefits Statement, RWS' initial analysis has identified that there is likely to be an opportunity to rationalise certain corporate overheads and support functions, including public company related costs, costs relating to executive and divisional management, certain support functions and sales and marketing activities, as well as where there are overlapping teams within the Combined Group's activities, without impacting customers. At this stage RWS has not yet developed a final proposal as to how such integration and restructuring would be implemented and will only be able to develop and implement

such proposals once the Combined Group has completed its detailed review referred to in the *Strategic plans for the Combined Group* section above.

Subject to the outcome of the detailed review of the integration options, it is likely that there will be a low single digit percentage reduction in the Combined Group's headcount where there is duplication across the Combined Group. At this early stage, RWS has not yet developed any specific proposals as to how any such headcount reductions might be implemented, although in the first instance RWS will seek to address these reductions through fewer hires to replace employees who leave the businesses as a result of natural attrition. RWS will only develop and implement such proposals once the detailed review referred to above has been completed and discussions have been undertaken with the people concerned. RWS is fundamentally a people business and intends to treat its teams fairly and with dignity.

### ***Locations, headquarters and research and development***

The Board of RWS considers that it is in the Combined Group's best interest for certain head office and corporate functions of both RWS and SDL to be combined. For example, a combination of RWS' and SDL's IT functions will create an industry leader in technology solutions for the language services sector and the Board of RWS believes that this will allow technological developments to accelerate.

An initial assessment has been undertaken as part of the preparation of the Quantified Financial Benefits Statement and following Completion it is intended that the Combined Group will consider the combination of certain head office and corporate functions to allow for the better integration of both businesses, which may result in the rationalisation of the Combined Group's head office and corporate function footprint. Whilst it is confirmed that the Combined Group will be headquartered in Chalfont St Peter, RWS' existing headquarters, a number of options for the combination of certain head office and corporate functions are under consideration. The Combined Group will only develop and implement any such options once each has been considered as part of the detailed review referred to above.

The Board of RWS also recognises the importance of a global office network for the Combined Group. As part of its due diligence, RWS has had sight of the future real estate plan that SDL announced as part of its half-year trading announcement on 11 August 2020 to right-size its property portfolio over the next five years and RWS expects to continue with this plan. In addition, RWS believes that there may be future opportunities to optimise the office network of the Combined Group, however no benefits have been included from this as part of the preparation of the Quantified Financial Benefits Statement. As part of any future considerations regarding the Combined Group's office network, the Combined Group will take into account both businesses successful record of staff working from home during the COVID19 pandemic.

Beyond the potential changes identified above in relation to certain head office and corporate functions of the Combined Group, there are no further plans to redeploy the fixed assets of SDL.

Given the importance of SDL's technology capability to the Combined Group, there are no plans to alter the research and development function of SDL.

### ***Pensions***

Following Completion, the Combined Group does not intend to make any changes with regard to the agreed employer contributions into SDL's existing pension scheme(s) or the accrual of benefits to existing members or the admission of new members to such pension schemes.

### ***Name and Branding of the Combined Group***

Upon Completion, it is intended that the name of the Combined Group will be RWS. To avoid any potential market confusion a rebranding program for the SDL business will be carried out so that over a period of time the SDL business will be rebranded as RWS.

### ***Listing locations***

Prior to the Scheme becoming Effective, it is intended that applications will be made to the Financial Conduct Authority to cancel the listing of the SDL Shares on the Official List and to the London Stock Exchange for the cancellation of trading of the SDL Shares on the London Stock Exchange's main market for listed securities, with effect from or shortly following the Effective Date, and to re-register SDL as a private company.

RWS will seek approval for the New RWS Shares to be admitted to AIM.

### ***Other***

The statements in this paragraph 10 or paragraph 3 which constitute "post-offer intention statements" for the purposes of Rule 19.6 of the Takeover Code will apply for 12 months from Completion.

### ***Views of the SDL Board***

In considering the intention to recommend the Combination to SDL Shareholders, the Board of SDL has given due consideration to the assurances that RWS has given in relation to management and employees within the Combined Group.

The SDL Board acknowledges that, following Completion, RWS will carry out a detailed assessment of the Combined Group's executive, divisional and local management and this may lead to changes in the structure and/or composition of the combined team including potentially removal of overlaps and fewer hires to replace employees who leave the businesses as a result of natural attrition. The SDL Board acknowledges that there may be a limited reduction in the Combined Group's headcount including in corporate and support functions at SDL's head office where there is duplication with RWS' existing functions or where the function was required to support SDL's status as a publicly traded company listed on the premium segment of the Official List. However, the Boards of RWS and SDL are committed to determining the employees of the Combined Group on a best-fit approach and the SDL Board supports the statement that RWS has no plans to alter the research and development function of SDL, which will be critical to delivering value to shareholders by combining both RWS and SDL's distinct propositions following Completion.

The SDL Board expects that this integration process and any headcount reductions that might occur will involve engagement and consultation with the relevant employees, any employee representatives and other stakeholders.

The Board of SDL welcomes the Combined Group's intentions with respect to the future operations of the business and its employees as part of a larger business combined with RWS, in particular, RWS' confirmation of its intention to safeguard fully the existing statutory and contractual employment and pension rights of the SDL Group's employees and management and to make no change to the balance of skills and functions of employees across the SDL Group.

## **11. Irrevocable undertakings and letters of support**

The SDL Directors who are interested in SDL Shares have irrevocably undertaken to vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting, in respect of their own beneficial holdings (and the beneficial holdings which are under their control) of 391,965 SDL Shares representing, in aggregate, approximately 0.4 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

RWS has also received non-binding letters of support from the SDL Shareholders listed in Part B of Appendix 3 to vote in favour of the Scheme at the SDL Court Meeting, and in favour of the SDL Resolution to be proposed at the SDL General Meeting, in respect of 30,515,552 SDL Shares representing, in aggregate, approximately 33.4 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

RWS has therefore received irrevocable undertakings and letters of support in respect of a total number of 30,907,517 SDL Shares representing, in aggregate, approximately 33.9 per cent. of SDL's issued ordinary share capital as at the close of business on the Latest Practicable Date.

Further details of these irrevocable undertakings and letters of support (and the circumstances in which the irrevocable undertakings will cease to be binding or otherwise fall away) are set out in Appendix 3.

## **12. Scheme of Arrangement and Conditions**

It is intended that the Combination will be effected by means of a court-approved scheme of arrangement between SDL and SDL Scheme Shareholders under Part 26 of the Companies Act. The procedure involves, among other things, an application by SDL to the Court to sanction the Scheme, in consideration for which SDL Shareholders who are on the register of members at the Scheme Record Time will receive consideration on the basis set out in paragraph 2 above. The purpose of the Scheme is to provide for RWS to become the owner of the entire issued and to be issued ordinary share capital of SDL.

Upon the Scheme becoming Effective, it will be binding on all SDL Shareholders, irrespective of whether or not they attended or voted at the SDL Meetings (and if they attended and voted, whether or not they voted in favour).

The New RWS Shares will be issued in registered form and will be capable of being held in both certificated and uncertificated form. The New RWS Shares will be issued by RWS to SDL Shareholders no later than 14 days after the Effective Date. Fractions of the New RWS Shares will not be allotted or issued pursuant to the Combination, but entitlements of SDL Shareholders will be rounded down to the nearest whole number of New RWS Shares and all fractions of New RWS Shares will be aggregated and sold in the market as soon as practicable after the Effective Date. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to SDL Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.

The implementation of the Scheme will be subject to the conditions and further terms which are set out in Appendix 1 of this Announcement and the further terms and conditions to be set out in the Scheme Document (and the related Forms of Proxy when issued) including, amongst other things, the:

1. Scheme becoming Effective by 11:59 p.m. on the Long-stop Date, failing which the Scheme will lapse and the Combination will not take place (unless the Panel otherwise consents);

2. approval of the Scheme by a majority in number of the SDL Shareholders, representing not less than 75 per cent. in value of the SDL Shares held by those SDL Shareholders, present and voting, either in person or by proxy, at the SDL Court Meeting or at any adjournment thereof on or before the 22nd day after the expected date of the SDL Court Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between RWS and SDL and the Court may allow);
3. passing of the SDL Resolution by the requisite majority at the SDL General Meeting to be held on or before the 22nd day after the expected date of the SDL General Meeting to be set out in the Scheme Document in due course (or such later date as may be agreed between RWS and SDL and the Court may allow);
4. passing of the RWS Resolution by the requisite majority at the RWS General Meeting;
5. sanction of the Scheme by the Court on or before the 22nd day after the expected date of the Court Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed between RWS and SDL and the Court may allow);
6. in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the German Act against Restraints of Competition (the "**German Act**"), the German Federal Cartel Office ("**FCO**") either having cleared or not prohibited the Combination through the occurrence of any of the following events:
  - a. clearance of the Combination pursuant to section 40 (2) sentence 1 of the German Act; or
  - b. notice of the FCO to the parties within the one-month waiting period pursuant to section 40 (1) of the German Act that the criteria for prohibiting the Combination pursuant to section 36 of the German Act are not satisfied; or
  - c. expiration of the one-month waiting period pursuant to section 40 (1) of the German Act without the FCO notifying the parties to the Combination of the main examination proceedings (*Hauptprüfverfahren*) pursuant to section 40 (1) sentence 2 of the German Act; or
  - d. expiration of the four-month prohibition period pursuant to section 40 (2) sentence 2 of the German Act, if applicable extended by
    - i. the period of a suspension pursuant to section 40 (2) sentence 5 of the German Act; and/or;
    - ii. one month pursuant to section 40 (2) sentence 7 of the German Act; and/or
    - iii. a period agreed between the parties and the FCO pursuant to section 40 (2) sentence 4 no 1 of the German Act;

*unless*

    - iv. there is no longer an authorized domestic recipient pursuant to section § 39 (3) sentence 2 no 6 of the German Act; and
    - v. the FCO has decided to not prohibit the Combination;
7. in so far as the Combination satisfies the Russian thresholds for notification and premerger authorisation identified in Russian Federal Law No. 135-FZ on Protection of Competition of 2006 (as amended) (the "**Russian Act**"), the Russian Federal Antimonopoly Service ("**FAS**") having issued and not revoked or amended consent, in terms satisfactory to RWS, for the Combination under the Russian Act; or the FAS providing official written response confirming that the Combination is not subject to merger control in Russia;
8. in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the United Kingdom Enterprise Act 2002 either:

- a. by the time all other Conditions have been satisfied or (where applicable) waived, (i) the CMA having indicated, in terms satisfactory to RWS acting reasonably, and in response to a briefing paper submitted by RWS and SDL, that it has no further questions or that it does not intend to open a CMA Merger Investigation in relation to the Combination or any matters arising therefrom; and (ii) not having subsequently opened such an investigation or indicated that it may do so; or
  - b. confirmation having been received in writing from the CMA, in terms satisfactory to RWS acting reasonably, that the CMA does not intend to make a CMA Phase 2 Reference in connection with the Combination or any matters arising therefrom; or
  - c. the period within which the CMA is required to decide whether the duty to make a CMA Phase 2 Reference applies with respect to the Combination or any matters arising therefrom has expired without such a decision having been made;
9. in so far as the Combination satisfies the premerger notification thresholds identified in the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “**HSR Act**”), the notifications and filings required under the HSR Act having been made and the applicable HSR waiting period or any extensions thereof shall have expired or been terminated; and
10. Admission of the New RWS Shares.

Once the necessary approvals from SDL Shareholders have been obtained and the other Conditions have been satisfied, or (where applicable) waived, to become Effective, the Scheme must be sanctioned by the Court. The Scheme will become Effective in accordance with its terms upon a copy of the Court Order being delivered to the Registrar of Companies for registration. Upon the Scheme becoming Effective, it will be binding on all SDL Shareholders, irrespective of whether or not they attended or voted at the SDL Court Meeting or the SDL General Meeting (and if they attended and voted, whether they voted in favour).

The Combination is subject to the terms and conditions in Appendix 1 to this Announcement and on the further terms and conditions that will be set out in the Scheme Document.

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document, which is expected to be despatched to SDL Shareholders as soon as reasonably practicable and, in any event, within 28 days of the date of this Announcement. The timing of events which relate to the implementation of the Combination is, however, subject to the approval of the Court and is therefore subject to change.

### **13. Election to switch**

Subject to obtaining the consent of the Panel and the terms of the Co-operation Agreement, RWS reserves the right to elect to implement the Combination by way of a Takeover Offer as an alternative to the Scheme. In any such event a Takeover Offer would be implemented on the same terms, so far as applicable, as those which apply to the Scheme. Further details relating to this right are set out in the terms and conditions in Appendix 1 to this Announcement. If RWS does elect to implement the Combination by way of a Takeover Offer, and if sufficient acceptances of such Takeover Offer are received and/or sufficient SDL Shares are otherwise acquired, it is the intention of RWS to apply the provisions of sections 979 to 982 (inclusive) of the Companies Act to acquire compulsorily any outstanding SDL Shares to which such Combination relates.

### **14. Indicative timing**

The Scheme Document will include the anticipated timetable and will specify the necessary actions to be taken by SDL Shareholders. However it is expected that the Combination will have an Effective Date in Q4 2020.

## **15. Offer-related arrangements**

### *Confidentiality Agreement*

RWS and SDL have entered into a mutual confidentiality agreement dated 5 March 2020 pursuant to which each of RWS and SDL has undertaken, among other things, to keep certain information relating to the Combination and the other party confidential and not to disclose it to third parties (other than to permitted parties) unless required by law or regulation.

The confidentiality obligations of each party under the Confidentiality Agreement continue until the earlier of Completion and 5 March 2023. The Confidentiality Agreement also contains customary (a) non-solicit provisions, subject to customary carve-outs, until 5 March 2021; and (b) standstill provisions, subject to customary carve-outs, until 5 September 2020.

### *Co-operation Agreement*

On the date of this Announcement, RWS and SDL entered into the Co-operation Agreement, under which RWS and SDL have agreed to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made for the process of obtaining regulatory approvals and clearances required to implement the Combination. RWS has also agreed to provide SDL with reasonable information, assistance and access for the preparation of the key shareholder documentation.

The Co-operation Agreement records the intention of RWS and SDL to implement the Combination pursuant to the Scheme. However, RWS may, subject to the consent of the Panel, elect to implement the Combination by way of a Takeover Offer if:

- SDL provides its consent;
- a third party announces an independent competing transaction (including a firm intention to make an offer and the acquisition of a significant proportion of the SDL Group's business); or
- the SDL Directors: (i) do not include a unanimous and unconditional recommendation of the Scheme in the Scheme Document; or (ii) withdraw, qualify or adversely modify their recommendation of the Scheme or intention to recommend the Scheme.

The Co-operation Agreement also contains provisions that will apply in respect of the SDL Share Plans and certain other arrangements for the benefit of SDL's employees.

The Co-operation Agreement will terminate:

- if agreed in writing between RWS and SDL;
- upon service of written notice by RWS to SDL if, among other things: (i) any Condition which has not been waived is (or has become) incapable of satisfaction by the Long-stop Date; (ii) any Condition which is incapable of waiver is (or has become) incapable of satisfaction by the Long-stop Date; (iii)



the Court refuses to sanction the Scheme; (iv) (unless otherwise agreed by RWS and SDL) the Effective Date has not occurred by the Long-stop Date; (v) the Scheme Document or Takeover Offer document (as the case may be) does not contain a unanimous and unconditional recommendation of the Scheme or the Takeover Offer (as applicable) by the SDL Board; or (vi) SDL makes an announcement that: (a) the SDL Directors no longer intend to unanimously and unconditionally recommend the Scheme or the Takeover Offer (as applicable); (b) it will not convene the SDL Court Meeting or the SDL General Meeting; (c) it does not intend to publish the Scheme Document; or (d) it recommends or intends to recommend an independent competing transaction;

- upon service of written notice by SDL to RWS if, among other things: (i) the RWS Circular does not include the unanimous and unconditional recommendation from the RWS Directors to approve the RWS Resolution; (ii) RWS makes an announcement that: (a) the RWS Directors no longer intend to make such recommendation or intend adversely to qualify or modify such recommendation; (b) it will not convene the RWS General Meeting; or (c) it does not intend to publish the RWS Circular;
- upon service of written notice by RWS or SDL on the other if: (i) the resolutions proposed at either or both the SDL Court Meeting or the SDL General Meeting are not passed; or (ii) the resolutions proposed at the RWS General Meeting is not passed;
- if the Scheme or Takeover Offer (as applicable) is withdrawn or lapses prior to the Long-stop Date (other than where such lapse or withdrawal: (i) is as a result of RWS' election to implement the Combination by way of a Takeover Offer; or (ii) it is otherwise followed within five Business Days by an announcement under Rule 2.7 of the Takeover Code made by RWS or a person acting in concert with it to implement the Combination by a different offer or scheme on substantially the same or improved terms);
- an independent competing transaction becomes effective, or becomes or is declared unconditional in all respects or is completed; or
- upon the occurrence of the Effective Date.

#### *Clean Team Agreement*

RWS and SDL have entered into a clean team agreement dated 3 August 2020, pursuant to which each of RWS and SDL has agreed to certain rules for and restrictions on the sharing of certain commercially sensitive information. Under the Clean Team Agreement, the relevant information and other materials may be shared with only specified clean team members, comprising a limited number of senior management and executives within each of SDL and RWS and their respective legal and financial advisers. All clean team members will be bound by the confidentiality obligations under the agreement for a period of six months following its termination. The Clean Team Agreement must be read in conjunction with and is supplemental to the Confidentiality Agreement and the Confidentiality and Joint Defence Agreement.

#### *Confidentiality and Joint Defence Agreement*

RWS and SDL have entered into a confidentiality and joint defence agreement dated 3 August 2020, pursuant to which each of RWS and SDL has agreed to certain rules for and restrictions on the sharing of certain confidential documents. Under the Confidentiality and Joint Defence Agreement, information and other materials containing highly commercially sensitive information may be shared with only the other party's specified outside legal counsel or other retained experts and not with the other party. Each party will be

bound by the confidentiality obligations under the agreement for a period of two years. The Confidentiality and Joint Defence Agreement must be read in conjunction with and is supplemental to the Confidentiality Agreement and the Clean Team Agreement.

#### **16. RWS Shareholder approval to issue New RWS Shares**

The Combination involves the issue of New RWS Shares to SDL Shareholders. Accordingly, RWS will be required to seek the approval of RWS Shareholders for the allotment and issue of New RWS Shares at the RWS General Meeting. The Combination will be conditional on, among other things, the RWS Resolution being passed by the requisite majority of RWS Shareholders at the RWS General Meeting.

RWS will prepare the RWS Circular which will contain a notice convening the RWS General Meeting. It is expected that the RWS Circular will be published and posted to RWS Shareholders at the same time as the Scheme Document is posted to SDL Shareholders. The RWS Circular will be made available by RWS on its website at <https://www.RWS.com/investor-relations/> and by SDL on its website at <https://www.SDL.com/about/investor-relations>.

#### **17. Admission of New RWS Shares**

Prior to the Effective Date, an application will be made to the London Stock Exchange for the New RWS Shares to be admitted to AIM. It is expected that Admission will become effective and that unconditional dealings in the New RWS Shares will commence at 8.00 a.m. on the first Business Day following the Effective Date. The New RWS Shares will not be listed on any stock exchange other than AIM, and have not been, and will not be, registered under the US Securities Act or under any laws of any state or other jurisdiction of the United States.

#### **18. Delisting and re-registration**

Prior to the Scheme becoming Effective, applications will be made to the FCA to cancel the listing of the SDL Shares on the Official List, and to the London Stock Exchange to cancel the trading of the SDL Shares on the Main Market of the London Stock Exchange, in each case to take effect from or shortly after the Effective Date. The last day of dealings in SDL Shares on the Main Market is expected to be the Business Day immediately prior to the Court Hearing and no transfers will be registered after 6.00 p.m. on that date.

On the Effective Date, SDL will become a subsidiary of RWS and share certificates in respect of SDL Shares will cease to be valid and should be destroyed. In addition, entitlements to SDL Shares held within the CREST system will be cancelled on the Effective Date.

Upon the Scheme becoming Effective, RWS will acquire the SDL Shares fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them including the right to receive and retain all dividends and distributions (if any) declared, made or paid by reference to a record date after the Effective Date.

#### **19. Overseas Shareholders**

The distribution of this Announcement to, and the availability of the New RWS Shares to be issued pursuant to the Combination to, persons who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of and observe any applicable legal or regulatory requirements of their jurisdiction. Further details in relation to Overseas Shareholders of SDL will be found in the Scheme Document.

This Announcement is provided for information purposes only. This Announcement is not intended to, and does not constitute, or form part of, an offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, exchange, sell or otherwise dispose of any securities, nor is it a solicitation of any vote or approval in any jurisdiction, nor will there be any purchase or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law or regulation.

The New RWS Shares to be issued under the Combination have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, unless an exemption under relevant securities laws is available, including the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof, the New RWS Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly, in, into or from the United States. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the New RWS Shares, or determined if this Announcement is accurate or complete. Any representation to the contrary is a criminal offence.

## **20. SDL Share Plans**

The Combination will affect options and awards granted under the various SDL Share Plans. Participants in the SDL Share Plans will be contacted regarding the effect of the Combination on their rights under the SDL Share Plans and appropriate proposals in accordance with Rule 15 of the Takeover Code where required will be made to them in due course, which will set out their choices in the context of the Combination. Details of the proposals will be set out in the Scheme Document and in Rule 15 letters to be sent to participants in the SDL Share Plans.

Unvested awards and options under the SDL Share Plans will generally vest and become exercisable in consequence of the Combination.

Awards under the SDL LTIP 2016 will vest subject to the satisfaction of applicable performance conditions (to be determined by the SDL Remuneration Committee). In addition, certain awards under that plan will be reduced to reflect early vesting.

The SDL Executive Directors have each agreed with RWS that they will enter into a new service or consultancy agreement with RWS for a maximum period of 12 months commencing on the Effective Date to assist RWS in achieving a successful integration of the two businesses. These new arrangements may be on a part-time basis, but will otherwise be on terms that are no more favourable than the terms of the relevant SDL Executive Director's existing service agreement with SDL (the "**Executive Directors' Arrangements**"). Each SDL Executive Director has also agreed to enter into a non-divestment agreement under which a number of shares equal to an agreed percentage of the New RWS Shares (the "**Retained Shares**") that they are expected to receive in respect of the exercise of their respective awards under the SDL LTIP 2016 will be held until the termination or expiry of their new service or consultancy agreement. Under the terms of the non-divestment agreement if the SDL Executive Director's new service or consultancy agreement terminates before the date falling 12 months after the Effective Date for reasons other than his or her resignation or for gross misconduct, the Retained Shares will be released to the SDL Executive Director only at the end of such 12 month period. If, before the date falling 12 months after the Effective Date, the SDL Executive Director resigns or his or her new service or consultancy agreement is terminated for gross misconduct, he or she will forfeit the Retained Shares.

RWS will offer UK participants in the SDL Sharesave Scheme the opportunity to exchange their unvested options over SDL Shares granted under that plan for equivalent options over RWS Shares in accordance with the terms of the SDL Sharesave Scheme (the “Rollover”).

For the purpose of Rule 16.2 of the Takeover Code, Rothschild & Co has confirmed to the SDL Directors that, in its opinion, the terms of the Executive Directors' Arrangements and the terms of the Rollover are fair and reasonable.

## **21. Disclosure of interests**

Save in respect of the irrevocable undertakings referred to in paragraph 11 above, as at the close of business on the Latest Practicable Date neither RWS, nor any of its directors, nor, so far as RWS is aware, any person acting in concert (within the meaning of the Takeover Code) with it:

- had any interest in or right to subscribe for any relevant securities of SDL;
- had any short positions in respect of relevant securities of SDL (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;
- had borrowed or lent any relevant securities of SDL (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 have been either on-lent or resold; or
- was a party to any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Takeover Code.

## **22. Opening position disclosures**

Each of SDL and RWS confirm that it will make an Opening Position Disclosure, setting out the details required to be disclosed by it under Rule 8 of the Takeover Code, by no later than 12 noon on 11 September 2020.

## **23. Documents available on website**

Copies of the following documents will be made available on RWS' and SDL's websites at <https://www.RWS.com/investor-relations/> and <https://www.SDL.com/about/investor-relations> respectively, by no later than 12 noon on the Business Day following the date of this Announcement until the end of the Offer Period:

- this Announcement;
- the Confidentiality Agreement;
- the Co-operation Agreement;
- the Clean Team Agreement;
- the Confidentiality and Joint Defence Agreement;
- the irrevocable undertakings referred to in paragraph 11 above and summarised in Appendix 3 to this Announcement; and
- the consent letters referred to in paragraph 24 and Appendix 4 below.

None of the contents of SDL's website, the contents of RWS' website, or the content of any other website accessible from hyperlinks on either such website, is incorporated into or forms part of, this Announcement.

## **24. General**

The Scheme will be governed by English law and will be subject to the jurisdiction of the courts of England and Wales. The Scheme will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.

The bases and sources for certain financial information contained in this Announcement are set out in Appendix 2. Details of the irrevocable undertakings and letters of support received in relation to the Combination which are referred to in this Announcement are set out in Appendix 3. Information relating to the quantified financial benefits of the Combination is set out in Appendix 4. Certain definitions and terms used in this Announcement are set out in Appendix 5.

For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement is the responsibility of RWS and the RWS Directors. Appendix 4 sets out the Quantified Financial Benefits Statement relating to cost savings and synergies arising out of the Combination and provides underlying information and bases of belief. Appendix 4 also includes reports from RWS' reporting accountant, PricewaterhouseCoopers, and its joint financial advisers, Canaccord Genuity and Gleacher Shacklock, in connection with the Quantified Financial Benefits Statement, as required pursuant to Rule 28.1(a) of the Takeover Code, and provides underlying information and bases for the accountant's and advisers' respective reports.

Each of Canaccord Genuity, Gleacher Shacklock, Berenberg, Numis, Rothschild & Co, Investec and N+1 Singer have given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their opinions and names (as applicable) in the form and context in which they are included.

## Enquiries

**RWS Holdings plc** +44 (0)17 5348 0200

Andrew Brode, Chairman

Richard Thompson, Chief Executive Officer

**Canaccord Genuity Limited (Joint Financial Adviser to RWS)** +44 (0)20 7253 8000

Simon Bridges, Hanan Lee

**Gleacher Shacklock LLP (Joint Financial Adviser to RWS)** +44 (0)20 7484 1150

Dominic Lee, Tom Quinn, Lewis Robinson

**Berenberg (Joint Broker to RWS)** +44 (0)20 3207 7800

Ben Wright, Toby Flaux, Alix Mecklenburg-Solodkoff

**Numis Securities (Nominated Adviser and Joint Broker to RWS)** +44 (0)20 7260 1000

Stuart Skinner, Kevin Cruickshank, William Baunton

**MHP (Financial PR Adviser)** +44 (0)20 3128 8794

Katie Hunt, Simon Hockridge, Catherine Chapman

**SDL plc** +44 (0)16 2841 0100

David Clayton, Non-Executive Chairman

Adolfo Hernandez, Chief Executive Officer

**Rothschild & Co (Financial Adviser to SDL)** +44 (0)20 7280 5000

Warner Mandel, Anton Black, Avalon de Paravicini

**Investec (Joint Broker to SDL)** +44 (0)20 7597 1234

David Flin, Andrew Pinder, Ben Griffiths

**N+1 Singer (Joint Broker to SDL)** +44 (0)20 7496 3000

Shaun Dobson, Steve Pearce, Ben Farrow

**Luther Pendragon (Financial PR Adviser to SDL)** +44 (0)20 7618 9100

Harry Chathli, Claire Norbury, Alexis Gore

CMS Cameron McKenna Nabarro Olswang LLP are retained as legal adviser for RWS.

DLA Piper UK LLP are retained as legal adviser for SDL.

#### **Important notices relating to financial advisers**

*Canaccord Genuity Limited (“**Canaccord Genuity**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Canaccord Genuity or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*Gleacher Shacklock LLP (“**Gleacher Shacklock**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Gleacher Shacklock or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*Joh. Berenberg, Gossler & Co. KG, London Branch (“Berenberg”), which is regulated by the German Federal Financial Supervisory Authority (BaFin) and subject to limited regulation in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Berenberg or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*Numis Securities Limited (“Numis”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for RWS and no one else in connection with the matters set out in this Announcement and will not be responsible to anyone other than RWS for providing the protections offered to clients of Numis or for providing advice in relation to the contents of this Announcement or any matters referred to herein.*

*N.M. Rothschild & Sons Limited (“Rothschild & Co”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.*

*Investec Bank plc (“Investec”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.*

*Nplus1 Singer Advisory LLP (“N+1 Singer”), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for SDL and for no one else in connection with the subject matter of this Announcement and will not be responsible to anyone other than SDL for providing the protections afforded to its clients or for providing advice in connection with the subject matter of this Announcement.*

#### **Further information**

*This Announcement is for information purposes only. It is not intended to and does not constitute, or form part of, any offer, invitation or the solicitation of an offer 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 Combination or otherwise, nor shall there be any sale, issuance or transfer of securities of SDL pursuant to the Combination or otherwise in any jurisdiction in contravention of applicable law. The Combination will be implemented solely by means of the Scheme Document (or, in the event that the Combination is to be implemented by means of a Takeover Offer, the offer document) or any document by which the Combination is made which will contain the full terms and conditions of the Combination, including details of how to vote in respect of the Combination.*

*SDL will prepare the Scheme Document to be distributed to SDL Shareholders. SDL and RWS urge SDL Shareholders to read the Scheme Document carefully as it will contain important information relating to the Combination, the New RWS Shares and the Combined Group. Any vote in respect of resolutions to be proposed at the SDL Shareholders Meetings to approve the Combination, the Scheme or related matters, should be*

*made only on the basis of the information contained in the Scheme Document. Each SDL Shareholder is urged to consult its independent professional advisers immediately regarding the tax consequences of the Combination applicable to them.*

*It is expected that the Scheme Document (including notices of the SDL Meetings) together with the relevant Forms of Proxy will be sent to SDL Shareholders within 28 days of the date of this Announcement (or on such later date as may be agreed by RWS and SDL with the consent of the Panel).*

*RWS will prepare the RWS Circular to be distributed to RWS Shareholders and which will be available on RWS' website at <https://www.RWS.com/investor-relations/> and SDL's website at <https://www.SDL.com/about/investor-relations>. RWS urges RWS Shareholders to read the RWS Circular when it becomes available. Any vote in respect of the RWS Resolution should be made only on the basis of the information in the RWS Circular. It is expected that the RWS Circular (including the notice of the RWS General Meeting) together with the RWS Form of Proxy, will be posted to RWS Shareholders as soon as is reasonably practicable and in any event within 28 days of this Announcement, unless otherwise agreed with the Panel.*

*The statements contained in this Announcement are made as at the date of this Announcement, unless some other time is specified in relation to them.*

*This Announcement does not constitute a prospectus or prospectus equivalent document. The New RWS Shares to be issued pursuant to the Combination are not being offered to the public by means of this Announcement. The Combination will be subject to the applicable requirements of the Takeover Code, the Panel, the London Stock Exchange and the FCA.*

*Please be aware that addresses, electronic addresses and certain other information provided by SDL Shareholders, persons with information rights and other relevant persons for the receipt of communication by SDL may be provided to RWS during the Offer Period as required by Section 4 of Appendix 4 of the Takeover Code*

### **Overseas Shareholders**

*This Announcement has been prepared for the purpose of complying with English law, the Takeover Code, the Market Abuse Regulation, the AIM Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of the United Kingdom.*

*The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and/or regulation. Persons who are not resident in the United Kingdom, or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom or who are subject to the laws of another jurisdiction to participate in the Combination or to vote their SDL Shares in respect of the Scheme at the SDL Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the SDL Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located or to which they are subject. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Combination disclaim any*



*responsibility or liability for the violation of such restrictions by any person.*

*Unless otherwise determined by RWS or required by the Takeover Code and permitted by applicable law and regulation, participation in the Combination 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 Combination by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and all documentation relating to the Combination are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this Announcement and all documents relating to the Combination (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported vote in respect of the Combination.*

*If the Combination is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of the New RWS Shares under the Combination to SDL Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident or to which they are subject. Persons who are not resident in the United Kingdom or who are subject to the laws of other jurisdictions should inform themselves of, and observe, any applicable legal or regulatory requirements.*

*Further details in relation to Overseas Shareholders will be contained in the Scheme Document.*

### **Notice to US investors**

*SDL Shareholders in the United States should note that the Combination relates to the securities of an English company with a listing on the London Stock Exchange and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Scheme is subject to procedural and disclosure requirements and practices applicable in the United Kingdom to a scheme of arrangement involving a target company in England listed on the London Stock Exchange, which are different from the disclosure requirements of the tender offer and proxy solicitation rules under the US Exchange Act. RWS reserves the right, subject to the prior consent of the Panel and the terms of the Co-operation Agreement to elect to implement the Combination by way of a Takeover Offer. If in the future RWS exercises its right to implement the Combination by way of a Takeover Offer, such Takeover Offer will be made in compliance with all applicable laws and regulations, including, without limitation, to the extent applicable, Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such Takeover Offer would be made in the United States by RWS and no one else. In addition to any such Takeover Offer, RWS, certain affiliated companies and the nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, shares in SDL outside such Takeover Offer during the period in which such*

*Takeover Offer would remain open for acceptance. If such purchases or arrangements to purchase were to be made, they would be made outside the United States and would comply with applicable law, including the US Exchange Act. Any information about such purchases will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service of the FCA and will be available on the London Stock Exchange website: <http://www.londonstockexchange.com/>.*

*The financial information included in this Announcement and other documentation related to the Combination has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with US generally accepted accounting principles.*

*The New RWS Shares to be issued under the Scheme have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States and may only be offered or sold in the United States in reliance on an exemption from the registration requirements of the US Securities Act. The New RWS Shares are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. SDL Shareholders who are or will be “affiliates” (within the meaning of Rule 144 of the US Securities Act) of RWS or SDL prior to, or of RWS after, the Effective Date will be subject to certain US transfer restrictions relating to the New RWS Shares received pursuant to the Scheme as will be further described in the Scheme Document.*

*For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereunder, SDL will advise the Court that the Court’s sanctioning of the Scheme will be relied on by RWS as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to SDL Shareholders at which all SDL Shareholders are entitled to appear in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification is given to all SDL Shareholders.*

*None of the securities referred to in this Announcement have been approved or disapproved by the SEC or any US state securities commission, nor have any such authorities passed judgment upon the fairness or the merits of the Combination or determined if this Announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.*

*SDL Shareholders in the United States also should be aware that the transaction contemplated herein may have tax consequences in the United States and that such consequences, if any, are not described herein. SDL Shareholders in the United States are urged to consult with independent professional advisors regarding the legal, tax and financial consequences of the Combination applicable to them.*

*It may be difficult for SDL Shareholders in the United States to enforce their rights and claims arising out of the US federal securities laws since RWS and SDL are organised in countries other than the United States and some or all of their officers and directors may be residents of, and some or all of their assets may be located in, jurisdictions other than the United States. SDL Shareholders in the United States may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of*

*US courts, including judgments based upon the civil liability provisions of the US federal securities laws. SDL Shareholders in the United States may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.*

*Further details in relation to US investors will be contained in the Scheme Document.*

### **Forward looking statements**

*This Announcement (including information incorporated by reference into this Announcement), any oral statements made by RWS or SDL in relation to the Combination and other information published by RWS or SDL may contain statements about RWS, SDL and the Combined Group that are or may be forward looking statements. All statements other than statements of historical fact included in this Announcement may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "goals", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "projects", "hopes", "continues", "would", "could", "should" or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; and (ii) business and management strategies and the expansion and growth of RWS' or SDL's or the Combined Group's operations and potential synergies resulting from the Combination.*

*Such forward looking statements involve risks and uncertainties that could significantly affect expected results and/or the operations of RWS, SDL or the Combined Group and are based on certain assumptions and assessments made by RWS and SDL in light of their experience and their perception of historical trends, current conditions, future developments and other factors they believe appropriate. Except as expressly provided in this Announcement, they have not been reviewed by the auditors of RWS or SDL. Although it is believed that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place reliance on these forward looking statements which speak only as at the date of this Announcement. Neither SDL nor RWS, nor any of their respective members, directors, officers, employees, advisers and any person acting on behalf of one or more of them assumes any obligation to update or correct the information contained in this Announcement (whether as a result of new information, future events or otherwise) except as required by applicable law (including as required by the Takeover Code, the AIM Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules).*

*There are several factors which could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business acquisitions or disposals. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.*

*No member of the RWS Group or the SDL Group, nor any of their respective associates, directors, officers,*

employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur.

### **Quantified Financial Benefits Statement**

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this Announcement should be construed as a profit forecast or interpreted to mean that the Combined Group's earnings in the financial year ended 30 September 2022, being the first full year following Completion, or in any subsequent period, would necessarily match or be greater than or be less than those of RWS or SDL for the relevant preceding financial period or any other period. For the purposes of Rule 28 of the Takeover Code, the Quantified Financial Benefits Statement contained in this Announcement is the responsibility of RWS and the RWS Directors.

### **Profit forecasts and estimates**

No statement in this Announcement is intended to constitute a profit forecast or profit estimate and no statement in this Announcement should be interpreted to mean that the earnings or future earnings per share of or dividends or future dividends per share of RWS and/or SDL for current or future financial years will necessarily match or exceed the historical or published earnings or dividends per share of RWS or SDL, as appropriate.

### **Rounding**

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

### **Disclosure requirements of the Takeover Code**

Under Rule 8.3(a) of the Takeover Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the Announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code 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 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code 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 of the Takeover Code.*

*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 either of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).*

*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.*

### **Rule 2.9 Disclosure**

*In accordance with Rule 2.9 of the Takeover Code, SDL announces that, as at close of business on the Latest Practicable Date, it has 91,248,003 SDL Shares in issue and admitted to trading on the London Stock Exchange. SDL has no SDL Shares held in Treasury. The International Securities Identification Number (ISIN) of the SDL Shares is GB0009376368.*

*In accordance with Rule 2.9 of the Takeover Code, RWS announces that as at close of business on the Latest Practicable Date, it has 275,188,492 RWS Shares in issue and admitted to trading on AIM. RWS has no RWS Shares held in Treasury. The ISIN of the RWS Shares is GB00BVFCZV34.*

### **Requesting Hard Copy Documents**

*Pursuant to Rule 30.3 of the Takeover Code, a person so entitled may request a copy of this Announcement and any information incorporated into it by reference to another source in hard copy form. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Combination should be in hard copy form.*

*RWS Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) by writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Link Asset Services on +44 (0)371 664 0321. Calls are charged at the*

*standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is important that you note that unless you make such a request, a hard copy of this Announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.*

*SDL Shareholders may request a hard copy of this Announcement (and any information incorporated by reference in this Announcement) by writing to Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU or by calling Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes. It is important that you note that unless you make such a request, a hard copy of this Announcement and any such information incorporated by reference in it will not be sent to you. You may also request that all future documents, announcements and information to be sent to you in relation to the Combination should be in hard copy form.*

**Publication on website**

*A copy of this Announcement will be made available, free of charge subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on RWS' website at <https://www.RWS.com/investor-relations/> and on SDL's website at <https://www.SDL.com/about/investor-relations> by no later than 12 noon on the Business Day following the date of this Announcement.*

*Neither the content of the websites referred to in this Announcement nor the content of any website accessible from hyperlinks on RWS' or SDL's website (or any other website) is incorporated into, or forms part of, this Announcement.*

*The Combination is subject to the provisions of the Takeover Code.*

## APPENDIX 1

### Conditions to and Further Terms of the Combination

#### Part A: The Conditions

1. The Combination will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the Takeover Code, by not later than 11.59 pm on the Long-stop Date.
2. The Scheme will be conditional upon:
  - (a) the approval of the Scheme by a majority in number representing 75 per cent. or more in value of the SDL Scheme Shareholders entitled to vote and present and voting, either in person or by proxy, at the SDL Court Meeting and at any separate class meeting which may be required by the Court or at any adjournment of any such meeting;
  - (b) the SDL Court Meeting and any separate class meeting which may be required by the Court or any adjournment of any such meeting being held on or before the 22nd day after the expected date of the SDL Court Meeting, to be set out in the Scheme Document (or such later date, if any, as may be agreed by RWS and SDL in writing and the Court may allow);
  - (c) all resolutions necessary to approve and implement the Scheme being duly passed by the requisite majority or majorities at the SDL General Meeting, or at any adjournment of that meeting;
  - (d) the SDL General Meeting or any adjournment of that meeting being held on or before the 22nd day after the expected date of the SDL General Meeting, to be set out in the Scheme Document (or such later date, if any, as may be agreed by RWS and SDL in writing and the Court may allow);
  - (e) the sanction of the Scheme (without modification, or with such modifications as are agreed by RWS and SDL) by the Court; and
  - (f) the Court Hearing being held on or before the 22nd day after the expected date of the Court Hearing, to be set out in the Scheme Document (or such later date, if any, as may be agreed by RWS and SDL in writing and the Court may allow).
3. In addition, subject to Part B of this Appendix 1 and to the requirements of the Panel, the Combination will be conditional upon the following conditions and, accordingly, the necessary actions to make the Scheme Effective will only be taken on the satisfaction or, where relevant, waiver of the following conditions:
  - (a) the passing at the RWS General Meeting (or at any adjournment thereof) of the RWS Resolution to authorise the allotment and issue of the New RWS Shares to SDL Scheme Shareholders (and any other SDL Shareholders whose SDL Shares are issued after the Scheme becomes Effective); and
  - (b) the London Stock Exchange having acknowledged to RWS or its agent (and such acknowledgement not having been withdrawn) that the New RWS Shares will be admitted to trading on AIM;
  - (c) in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the German Act against Restraints of Competition (the "**German Act**"),

the German Federal Cartel Office (“**FCO**”) either having cleared or not prohibited the Combination through the occurrence of any of the following events:

- i. clearance of the Combination pursuant to section 40 (2) sentence 1 of the German Act; or
  - ii. notice of the FCO to the parties within the one-month waiting period pursuant to section 40 (1) of the German Act that the criteria for prohibiting the Combination pursuant to section 36 of the German Act are not satisfied; or
  - iii. expiration of the one-month waiting period pursuant to section 40 (1) of the German Act without the FCO notifying the parties to the Combination of the main examination proceedings (*Hauptprüfverfahren*) pursuant to section 40 (1) sentence 2 of the German Act; or
  - iv. expiration of the four-month prohibition period pursuant to section 40 (2) sentence 2 of the German Act, if applicable extended by
    - a. the period of a suspension pursuant to section 40 (2) sentence 5 of the German Act; and/or
    - b. one month pursuant to section 40 (2) sentence 7 of the German Act; and/or
    - c. a period agreed between the parties and the FCO pursuant to section 40 (2) sentence 4 no 1 of the German Act;  
*unless*
    - d. there is no longer an authorized domestic recipient pursuant to section § 39 (3) sentence 2 no 6 of the German Act; and
    - e. the FCO has decided to not prohibit the Combination;
- (d) in so far as the Combination satisfies the Russian thresholds for notification and premerger authorisation identified in Russian Federal Law No. 135-FZ on Protection of Competition of 2006 (as amended) (the “**Russian Act**”), either:
- i. the Russian Federal Antimonopoly Service (“**FAS**”) having issued and not revoked or amended consent, in terms satisfactory to RWS, for the Combination under the Russian Act; or
  - ii. the FAS providing official written response confirming that the Combination is not subject to merger control in Russia;
- (e) in so far as the Combination satisfies the thresholds for notification and premerger authorisation under the United Kingdom Enterprise Act 2002 either:
- i. by the time all other Conditions have been satisfied, or (where applicable) waived (i) the CMA having indicated, in terms satisfactory to RWS acting reasonably, and in response to a briefing paper submitted by RWS and SDL, that it has no further questions or that it does not intend to open a CMA Merger Investigation in relation to the Combination or any matters arising therefrom; and (ii) not having subsequently opened such an investigation or indicated that it may do so; or
  - ii. confirmation having been received in writing from the CMA, in terms satisfactory to RWS acting reasonably, that the CMA does not intend to make a CMA Phase 2



- Reference in connection with the Combination or any matters arising therefrom; or
- iii. the period within which the CMA is required to decide whether the duty to make a CMA Phase 2 Reference applies with respect to the Combination or any matters arising therefrom has expired without such a decision having been made;
- (f) in so far as the Combination satisfies the premerger notification thresholds identified in the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “**HSR Act**”), the notifications and filings required under the HSR Act having been made and the applicable HSR waiting period or any extensions thereof shall have expired or been terminated;
- (g) no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference, 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 reasonably be expected to:
- i. make the Combination, its implementation or the acquisition or the proposed acquisition by RWS or any member of the Wider RWS Group of any shares or other securities in, or control or management of, SDL or any member of the Wider SDL Group void, illegal or unenforceable in any jurisdiction, or otherwise directly or indirectly restrain, prevent, prohibit, restrict, delay or otherwise materially adversely interfere with the same or, in each case which is material in the context of the Wider RWS Group or the Wider SDL Group taken as a whole, impose additional conditions or obligations with respect to the Combination (or its implementation) or such acquisition, or otherwise impede, challenge or interfere with the Combination (or its implementation) or such acquisition, or require material adverse amendment to the terms of the Combination or the acquisition or proposed acquisition of any SDL Shares or the acquisition of control or management of SDL or any member of the Wider SDL Group by RWS or any member of the Wider RWS Group;
  - ii. materially limit or delay the ability of any member of the Wider RWS Group or any member of the Wider SDL Group to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider SDL Group or any member of the Wider RWS Group, as the case may be, taken as a whole, in any such case to an extent which is material in the context of the Combination or the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group;
  - iii. require, prevent or materially delay any divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider RWS Group of any shares or other securities in SDL or any member of the Wider SDL Group, in any such case to an extent which is material in the context of the Combination or the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group;
  - iv. require, prevent or materially delay any divestiture or alter the terms envisaged for any proposed divestiture by any member of the Wider RWS Group or by any member of the Wider SDL Group of all or any part of their respective businesses, assets or

properties or limit the ability of any of them to conduct all or any part of their respective businesses or to own or control any of their respective assets or properties or any part thereof (in any case to an extent which is material in the context of the Combination, the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group);

- v. require (save as pursuant to sections 974 to 991 of the Companies Act and the implementation of the Combination), any member of the Wider RWS Group or of the Wider SDL Group to subscribe for or acquire, or to offer to subscribe for or acquire, any shares or other securities (or the equivalent) or interest in any member of the Wider SDL Group or the Wider RWS Group, in each case which is material in the context of the Wider RWS Group or the Wider SDL Group taken as a whole;
- vi. materially limit the ability of any member of the Wider RWS Group or of the Wider SDL Group to integrate or co-ordinate its business, or any part of it, with the businesses or any part of the businesses of any other member of the Wider RWS Group and/or of the Wider SDL Group in each case in a manner which is material in the context of the Combination, or as the case may be, in the context of the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group;
- vii. result in any member of the Wider RWS Group or the Wider SDL Group ceasing to be able to carry on business under any name under which it presently does so (in any case to an extent which is material in the context of the Combination, the Wider RWS Group or the Wider SDL Group, as the case may be, taken as a whole, or in the context of the Combined Group); or
- viii. otherwise adversely affect the business, assets, profits, financial or trading position or prospects of any member of the Wider RWS Group or of any member of the Wider SDL Group to an extent which is adverse to and material in the context of the Combination, the Wider RWS Group or the Wider SDL Group, as the case may be, in either case, taken as a whole, or in the context of the Combined Group;

and all applicable waiting and other time periods during which any such Third Party could take, institute, implement or threaten such actions, proceedings, suit, investigation, enquiry or reference or take any other step under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as the case may be);

- (h) all material notifications, filings and/or applications which are necessary having been made, all applicable waiting and other time periods (including any extensions of such waiting and other time periods) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or terminated (as appropriate) and all material statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Combination or the acquisition or proposed acquisition of any shares or other securities in, or control of, SDL or any other member of the Wider SDL Group by any member of the Wider RWS Group or the carrying on by any member of the Wider SDL Group of its business and in each case which is material in the context of the Wider RWS Group or the Wider SDL Group taken as a whole;
- (i) all Authorisations which are necessary in any relevant jurisdiction for or in respect of the Combination (or its implementation) or the acquisition or proposed acquisition of any shares

or other securities in, or control or management of, SDL or any other member of the Wider SDL Group by RWS or any member of the Wider RWS Group or the carrying on by any member of the Wider SDL Group of its business having been obtained, in terms and in a form reasonably satisfactory to RWS from all appropriate Third Parties or from any persons or bodies with whom any member of the Wider RWS Group or any member of the Wider SDL Group has entered into contractual arrangements and such Authorisations together with all authorisations necessary for any member of the Wider SDL Group to carry on its business remaining in full force and effect, and there being no notice or other intimation of any intention to revoke, suspend, restrict, modify or not to renew any of the same having been made in connection with the Combination or any other matter directly, or indirectly, arising from the Combination (or its implementation), in each case where the absence of such Authorisation would have a material adverse effect on the Wider SDL Group or the Wider RWS Group taken as a whole and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with;

- (j) save as Disclosed, there being no provision of any arrangement, agreement, lease, licence, permit, franchise or other instrument to which any member of the Wider SDL Group, is a party, or by or to which any such member or any of its assets is or may be bound, entitled or subject, or any circumstance, which, in each case as a consequence of the Combination or the acquisition or proposed acquisition by RWS or any member of the Wider RWS Group or otherwise of any shares or other securities (or the equivalent) in, or control or management of, SDL or any other member of the Wider SDL Group, could reasonably be expected to result in, in any case to an extent which is or would be material in the context of the Wider SDL Group taken as a whole:
- i. any monies borrowed by or any other indebtedness or liabilities (actual or contingent) of, or any grant available to, any member of the Wider SDL Group, being or becoming repayable or being capable of being declared repayable immediately or prior to their or its stated maturity or the ability of any member of the Wider SDL Group to borrow monies or incur any indebtedness being withdrawn or inhibited or becoming capable of being withdrawn or inhibited;
  - ii. the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interests of any member of the Wider SDL Group or any such mortgage, charge or other security interest (wherever and whenever created, arising or having arisen) becoming enforceable;
  - iii. any such arrangement, agreement, lease, licence, permit, franchise or instrument, or the rights, liabilities, obligations or interests of any member of the Wider SDL Group, thereunder, being, or becoming capable of being, terminated or adversely modified or affected or any adverse action being taken or arising thereunder or any onerous obligation or liability arising thereunder;
  - iv. any asset or interest of any member of the Wider SDL Group or any asset the use of which is enjoyed by any member of the Wider SDL Group being or falling to be disposed of or charged or ceasing to be available to any member of the Wider SDL Group 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 SDL Group otherwise than in the ordinary course of business;
  - v. any member of the Wider SDL Group ceasing to be able to carry on business under

any name under which it presently does so;

- vi. the creation or assumption of any liabilities (actual or contingent) by any member of the Wider SDL Group, other than trade creditors in the ordinary course of business;
- vii. the rights, liabilities, obligations or interests of any member of the Wider SDL Group under any such arrangement, agreement, lease, licence, permit, franchise or other instrument or the interests or business of any such member in or with any other person, firm, company or body (or any agreements or arrangements relating to any such interests or business) being terminated, adversely modified or affected;
- viii. the financial or trading position of SDL or of any member of the Wider SDL Group being prejudiced or adversely affected; or
- ix. any member of the Wider SDL Group being required to acquire or repay any shares in and/or indebtedness of any member of the Wider SDL Group owed by or owed to any third party;

and no event having occurred which, under any provision of any such arrangement, agreement, lease, license, permit, franchise or other instrument to which any member of the Wider SDL Group is a party, or by or to which any such member or any of its assets may be found entitled or subject, could result in any of the events or circumstances which are referred to in sub-paragraphs (i) to (ix) of this Condition 3(j) in any case to an extent which is or would be material in the context of the Wider SDL Group as a whole;

- (k) save as Disclosed, no member of the Wider SDL Group having since 31 December 2019:
- i. issued or agreed to issue, or authorised or proposed or announced its intention to authorise or propose the issue of, additional shares or securities of any class, or securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities (save as between SDL and its wholly-owned subsidiaries or between such wholly-owned subsidiaries or pursuant to the SDL Share Plans);
  - ii. purchased or redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities (or the equivalent) or reduced or, made or authorised any other change to any part of its share capital other than pursuant to the implementation of the Combination;
  - iii. recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus issue, dividend or other distribution, whether payable in cash or otherwise save for and any dividend declared before the Effective Date by any wholly-owned subsidiary of SDL to SDL or any of their respective wholly-owned subsidiaries;
  - iv. save for transactions between SDL and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to make, propose or authorise any change in its loan capital;
  - v. save for transactions between SDL and its respective wholly-owned subsidiaries, or between such wholly-owned subsidiaries, merged with, demerged or acquired any body corporate, partnership or business or acquired or disposed of or transferred,

mortgaged or charged or created any security interest over any material assets or any right, title or interest in any material assets (including shares in any undertaking and trade investments) or authorised, proposed or announced the same, in each case which is material in the context of the Wider SDL Group taken as a whole;

- vi. issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to, any debentures or, other than trade credit incurred in the ordinary course of business, incurred or increased any indebtedness or liability (actual or contingent) except as between SDL and any of its wholly-owned subsidiaries, or between such wholly-owned subsidiaries, which in any case is material in the context of the Wider SDL Group taken as a whole;
- vii. entered into, varied, authorised, proposed or announced an intention to enter into or vary any contract, agreement, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) which:
  - (A) is of a long term, onerous or unusual nature or magnitude or which involves or is or is reasonably likely to involve an obligation of such a nature or magnitude;
  - (B) restricts or could reasonably be expected to restrict the business of any member of the Wider SDL Group; or
  - (C) is other than in the ordinary course of business,

and which is, in any such case, material in the context of the Wider SDL Group taken as a whole;

- viii. entered into, implemented, effected or authorised any merger, demerger, reconstruction, amalgamation, scheme, commitment or other transaction or arrangement in respect of itself or another member of the Wider SDL Group;
- ix. entered into or varied or made an offer (which remains open for acceptance) to vary the terms of any contract, agreement, letter of appointment, commitment or arrangement with any of the directors of any member of the Wider SDL Group as appropriate or entered into any commitment to change the terms of any of the SDL Share Plans, save for fee increases and bonuses not resulting in total annual remuneration of any individual exceeding the immediately preceding year's remuneration by more than three per cent. or other bonuses or variations of terms in the ordinary course of business, which are not material in the context of the Wider SDL Group taken as a whole;
- x. taken any corporate action or had any step, application, filing in court, notice or legal proceedings started, served, instituted or threatened against it or petition presented or order made for its winding-up (voluntarily or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any material part of its assets and revenues or any analogous proceedings in any jurisdiction which in any case is material in the context of the Wider SDL Group taken as a whole;
- xi. been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts

generally or having entered into or taken steps to enter into a moratorium, composition, compromise or arrangement with its creditors in respect of its debts or ceased or threatened to cease carrying on all or a substantial part of its business;

- xii. waived, settled or compromised any claim (other than in the ordinary and usual course of business) to an extent which is material in the context of the Wider SDL Group taken as a whole;
- xiii. terminated or varied the terms of any agreement or arrangement between any member of the Wider SDL Group and any other person in a manner which would or might reasonably be expected to have a material adverse effect on the financial position or prospects of the Wider SDL Group taken as a whole;
- xiv. made any alteration to its articles of association other than as required to implement the Combination;
- xv. put in place any pension schemes for its directors or their dependents or made or agreed or consented to any change to:
  - (A) the terms of the trust deeds constituting the pension schemes (if any) established for its directors or their dependents; or
  - (B) the benefits which accrue, or to the pensions which are payable, thereunder; or
  - (C) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - (D) the basis upon which the liabilities (including pensions) of such pension schemes are funded or made,or agreed or consented to any change to the trustees involving the appointment of a trust corporation; and
- xvi. 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 person employed by the Wider SDL Group, as appropriate, in a manner which is material in the context of the Wider SDL Group taken as a whole;
- xvii. entered into any contract, agreement, commitment or arrangement or passed any resolution or made any offer (which remains open for acceptance) or proposed or announced any intention with respect to any of the transactions, matters or events referred to in this Condition (k);

(l) save as Disclosed, since, in the case of SDL, 31 December 2019 or in the case of RWS, 30 September 2019:

- i. no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of any member of the Wider SDL Group or the Wider RWS Group which in any case is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
- ii. no litigation, arbitration proceedings, prosecution or other legal proceedings to

which any member of the Wider SDL Group is or may become a party (whether as plaintiff, defendant or otherwise) having been threatened, announced, implemented or instituted by or against or remaining outstanding against or in respect of any member of the Wider SDL Group or the Wider RWS Group which in any case is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;

- iii. no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or against or remaining outstanding against or in respect of any member of the Wider SDL Group or the Wider RWS Group which in any such case might reasonably be expected to be material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
- iv. no contingent or other liability having arisen or become apparent to any member of the RWS Group or increased which might reasonably be expected to adversely affect any member of the Wider SDL Group or the Wider RWS Group which is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole;
- v. no claim being made and no circumstance having arisen which might reasonably be expected to lead to a claim being made under the insurance of any member of the Wider SDL Group or the Wider RWS Group where such claim would not be covered by such insurance and where such claim is material in the context of the Wider SDL Group or the Wider RWS Group taken as a whole; and
- vi. no steps having been taken which are reasonably likely to result in the withdrawal, cancellation or termination or modification of any licence, permit or consent held by any member of the Wider SDL Group or the Wider RWS Group which is necessary for the proper carrying on by such member of its business and which is material in the context of the Wider SDL Group or the Wider RWS Group;

(m) save as Disclosed, RWS not having discovered:

- i. that any financial or business or other information concerning the Wider SDL Group disclosed at any time by or on behalf of any member of the Wider SDL Group, whether publicly, to any member of the Wider RWS Group or otherwise, is materially misleading or contains any material misrepresentation of fact or omits to state a fact necessary to make any information contained therein not materially misleading; or
- ii. that any member of the Wider SDL Group, is subject to any liability (actual or contingent) which is material in the context of the Wider SDL Group taken as a whole; or
- iii. any information which affects the import of any information disclosed to RWS at any time by or on behalf of any member of the Wider SDL Group to an extent which is material and adverse in the context of the Wider SDL Group taken as a whole;

(n) RWS not having discovered that:

- i. any past or present member, director, officer or employee of the Wider SDL Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices

Act of 1977 or any other applicable anti-corruption legislation or any person that performs or has performed services for or on behalf of the Wider SDL Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption legislation; or

- ii. any asset of any member of the Wider SDL Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - iii. any past or present member, director, officer or employee of the Wider SDL Group, or any other person for whom any such person may be liable or responsible, has engaged in any business with, made any investments in, made any funds or assets available to or received any funds or assets from: (a) any government, entity or individual in respect of which European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by European Union laws or regulations, including the economic sanctions administered by HM Treasury in the United Kingdom; or (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations or the European Union or any of its member states; or
  - iv. a member of the Wider SDL Group being engaged in any transaction which would cause RWS to be in breach of any law or regulation upon its acquisition of SDL, including the economic sanctions of HM Treasury in the United Kingdom, or any government, entity or individual targeted by any of the economic sanctions of the United Nations, the European Union or any of its member states; and
- (o) save as Disclosed, RWS not having discovered that:
- i. any past or present member of the Wider SDL Group has failed to comply with any applicable legislation, regulations or common law of any jurisdiction or any notice, order or requirement of any Third Party with regard to the use, treatment, handling, storage, transport, release, disposal, discharge, presence, spillage, leak or emission of any waste or hazardous or harmful substance or any substance likely to impair the environment or harm human or animal health, or otherwise relating to environmental matters or the health and safety of any person, or that there has otherwise been any such use, treatment, handling, storage, transport, release, disposal, discharge, presence, spillage, leak or emission (whether or not the same constituted non-compliance by any person with any legislation, regulations or law and wherever the same may have taken place) which, in any case, would be reasonably likely to give rise to any liability (whether actual or contingent) or cost on the part of any member of the Wider SDL Group which in any case is material in the context of the Wider SDL Group taken as a whole; or
  - ii. there is, or is reasonably likely to be, any obligation or liability, whether actual or contingent, to make good, repair, reinstate, remedy or clean up any property now or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider SDL Group or any other property or controlled waters under any environmental legislation, regulation, common law, notice,



circular, order or other lawful requirement of any relevant authority or Third Party in any jurisdiction or otherwise which in any case is material in the context of the Wider SDL Group taken as a whole.

#### **Part B: Waiver of Conditions and further terms of the Combination and the Scheme**

1. Subject to the requirements of the Panel or, if required, by the Court:
  - (a) RWS reserves the right to waive all or any of the conditions in Part A above in whole or in part save for (i) the conditions contained in Conditions 1, 2(a), 2(c), 2(e), 3(a) and 3(b) which cannot be waived, and (ii) Condition 3(l) insofar as it relates to the Wider RWS Group or any part thereof. If any of the deadlines in Conditions 2(b), 2(d) and 2(f) are not met, RWS shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed to extend the deadline; and
  - (b) SDL reserves the right to waive, in whole or in part, Condition 3(l), except insofar as it relates to the Wider SDL Group or any part thereof.

Conditions 2(a), 2(b), 2(c), 2(d) and 3(a) to 3(o) (inclusive) in Part A above must each be fulfilled by, or (if capable of waiver) be waived by, RWS or SDL (as the case may be) by no later than 11.59 pm on the date immediately preceding the date of the Court Hearing (or such later date as RWS, SDL, the Panel and, if required, the Court may allow) failing which the Combination will lapse.

2. The Combination will lapse if the Scheme does not become Effective by no later than 11.59 pm on the Long-stop Date.
3. Neither RWS nor SDL (as the case may be) shall be under any obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions by a date earlier than the latest date of the fulfilment of that Condition notwithstanding that the other Conditions to the Combination may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such conditions may not be capable of fulfilment.
4. If RWS is required by the Panel to make an offer for SDL Shares under the provisions of Rule 9 of the Takeover Code, RWS may make such alterations to the Conditions and certain further terms of the Combination as are necessary to comply with the provisions of that Rule.
5. The Combination will lapse (unless otherwise agreed with the Panel) if:
  - (a) in so far as the Combination or any matter arising from or relating to the Scheme or Combination constitutes a concentration with a Community dimension within the scope of the EC Merger Regulation, the European Commission either initiates proceedings under Article 6(1)(c) of the EC Merger Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EC Merger Regulation and there is then a CMA Phase 2 Reference; or
  - (b) the Combination or any matter arising from or relating to the Scheme or Combination becomes subject to a CMA Phase 2 Reference,in either case, before the date of the SDL Court Meeting.
6. RWS reserves the right to elect to implement the Combination by way of a Takeover Offer (subject

to the Panel's consent and the terms of the Co-operation Agreement) as an alternative to the Scheme. In such event, such offer will be implemented on the same terms and conditions (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. (or such lower percentage (being more than 50 per cent.) as RWS may decide (subject to the Panel's consent) of the shares to which such offer relates)), so far as applicable, as those which would apply to the Scheme (the "**Takeover Offer Acceptance Condition**"). Further, if sufficient acceptances of such Takeover Offer are received and/or sufficient SDL Shares are otherwise acquired, it is the intention of RWS to apply the provisions of section 979 of the Companies Act to compulsorily acquire any outstanding SDL Shares to which such Takeover Offer relates.

7. The SDL Shares will be acquired pursuant to the Combination fully paid and free from all liens, charges, equitable interests, security interests, encumbrances, rights of pre-emption and any other rights and interests of any nature whatsoever and together with all rights now and hereafter attaching thereto, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, or made on or after the Effective Date (excluding any SDL Equalising Dividend).
8. The New RWS Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the RWS Shares in issue at the time the New RWS Shares are issued pursuant to the Combination, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date.
9. Under Rule 13.5 of the Takeover Code, RWS may only invoke a condition to the Combination so as to cause the Combination not to proceed, to lapse or to be withdrawn where the circumstances which give rise to the right to invoke the condition are of material significance to RWS in the context of the Combination. The conditions contained in Condition 1, 2, 3(a) and 3(b) of Part A and the Takeover Offer Acceptance Condition are not subject to this provision of the Takeover Code.
10. Under Rule 13.6 of the Takeover Code, SDL may not invoke, or cause or permit RWS to invoke any condition to the Combination unless the circumstances which give rise to the right to invoke the condition are of material significance to SDL Shareholders in the context of the Combination.
11. The Combination and the Scheme will be governed by English law and be subject to the jurisdiction of the Court and to the conditions and further terms set out in this Appendix 1 and to be set out in the Scheme Document. The Combination will also be subject to the applicable requirements of the Companies Act, the Court, the London Stock Exchange and the Takeover Code. This Announcement does not constitute, or form part of, an offer or invitation to purchase SDL Shares or any other securities.
12. The availability of the Combination to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements. Further details in relation to Overseas Shareholders will be contained in the Scheme Document. The New RWS Shares to be issued under the Combination have not been and will not be registered under the US Securities Act or under any laws or with any securities regulatory authority of any state or other jurisdiction of the United States or under any of the relevant securities laws of any other Restricted Jurisdiction. Accordingly, the New RWS Shares may not be offered, sold or delivered, directly or indirectly, in or into the United States, or any other Restricted Jurisdiction, except pursuant to exemptions from applicable requirements of any such jurisdiction, including the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof.

13. The Combination is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any jurisdiction where to do so would violate the laws of that jurisdiction.
14. If any dividend (other than, or in excess of, an SDL Equalising Dividend) or other distribution or return of capital is proposed, declared, made, paid or becomes payable by SDL in respect of an SDL Share on or after the date of this Announcement and with a record date on or before the Scheme Record Time, RWS reserves the right to pay an RWS Equalising Dividend. Any exercise by RWS of its rights referred to in this Condition shall be the subject of an Announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.
15. If RWS announces, declares, makes or pays any dividend (other than, or in excess of, an RWS Equalising Dividend) or other distribution or return of capital on or after the date of this Announcement and prior to Completion, SDL reserves the right to pay an SDL Equalising Dividend. Any exercise by SDL of its rights referred to in this Condition shall be the subject of an Announcement and shall not be regarded as constituting any revision or variation of the terms of the Scheme.
16. Fractions of the New RWS Shares will not be allotted or issued pursuant to the Combination, but entitlements of SDL Shareholders will be rounded down to the nearest whole number of New RWS Shares and all fractions of New RWS Shares will be aggregated and sold in the market as soon as practicable after the Combination becomes Effective. The net proceeds of such sale (after deduction of all expenses and commissions incurred in connection with the sale) will be distributed in due proportions to SDL Shareholders who would otherwise have been entitled to such fractions (rounded down to the nearest penny), save that individual entitlements to amounts of less than £5.00 will be retained for the benefit of the Combined Group.
17. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## APPENDIX 2

### Sources of Information and Bases of Calculation

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

1. All Closing Prices for SDL Shares and RWS Shares have been derived from the Daily Official List and represent the Closing Price of the relevant shares on the relevant date.
2. The offer value of £854 million attributed to the issued and to be issued share capital of SDL is based upon:
  - i. the 91,248,003 SDL Shares in issue as at close of business on the Latest Practicable Date;
  - ii. a maximum of 2,844,112 SDL Shares which may be issued on the exercise of options or vesting of awards granted or agreed to be granted under the existing share plans of SDL (calculated using the Treasury Stock Method); and
  - iii. the Exchange Ratio.
3. The fully diluted share capital of RWS (being 275,357,693 RWS Shares) is based upon:
  - i. the 275,188,492 RWS Shares in issue as at the close of business on the Latest Practicable Date; and
  - ii. 169,201 RWS Shares which may be issued on or after the date of this Announcement on the exercise of options or vesting of awards granted or agreed to be granted under the existing share plans of RWS (calculated using the Treasury Stock Method).
4. The fully diluted share capital of the Combined Group and the percentage of the share capital that RWS Shareholders and SDL Shareholders will own on a fully diluted basis upon Completion is based upon:
  - i. the fully diluted share capital of RWS referred to in paragraph 3 above; and
  - ii. the 115,225,203 New RWS Shares that SDL Shareholders will receive under the terms of the Combination, based on the fully diluted share capital of SDL and the Exchange Ratio referred to in paragraph 2 above.
5. Unless otherwise stated, the financial information relating to SDL is extracted (without adjustment) from the:
  - i. audited consolidated financial statements of SDL for the year ended 31 December 2019; and
  - ii. unaudited consolidated interim financial statements contained in the interim results of SDL for the period ended 30 June 2020.
6. Unless otherwise stated, the financial information relating to RWS is extracted (without adjustment) from the:
  - i. audited consolidated financial statements of the RWS Group for the year ended 30 September 2019; and

- ii. unaudited consolidated interim financial statements contained in the interim results of the RWS Group for the period ended 31 March 2020.
7. Certain figures in this Announcement have been subject to rounding adjustments.
  8. The synergy numbers are unaudited. Further information underlying the Quantified Financial Benefits Statement contained in this Announcement is provided in Appendix 4.
  9. The volume-weighted average price of an SDL Share and of an RWS Share is derived from data provided by Bloomberg.
  10. Statements about the pro forma financials of the Combination have been based on audited information obtained from (i) RWS' annual report for the financial year ended 30 September 2019 and (ii) SDL's annual report for the financial year ended 31 December 2019.
  11. Statements about the expected net cash position of the Combined Group are based on GAAP, pre-implementation of IFRS 16 and conversion of RWS' US dollar-denominated debt into sterling based on spot FX rates as at the Latest Practicable Date.

## APPENDIX 3

### Details of Irrevocable Undertakings and Letters of Support

#### PART A – Irrevocable undertakings in respect of SDL Shares from SDL Directors

The following SDL Directors have given irrevocable undertakings in respect of their entire beneficial holdings (and the beneficial holdings which are under their control) of SDL Shares to vote or procure votes in favour of the resolutions relating to Scheme at the SDL Meetings (or in the event that the Combination is implemented by way of a Takeover Offer, accept or procure the acceptance of the Takeover Offer), amounting in aggregate to 391,965 SDL Shares, representing approximately 0.4 per cent. of SDL's existing issued ordinary share capital as at the Latest Practicable Date:

<b>Name</b>	<b>Number of SDL Shares</b>	<b>Percentage of issued share capital of SDL as at the Latest Practicable Date</b>
David Clayton	133,950	0.15%
Glenn Collinson	53,373	0.06%
Amanda Gradden	7,500	0.01%
Adolfo Hernandez	162,500	0.18%
Christopher Humphrey	20,000	0.02%
Gordon Stuart	4,152	0.00%
Xenia Walters	10,490	0.01%

These irrevocable undertakings will continue to be binding in the event that a higher competing offer is made for SDL.

Each irrevocable undertaking will lapse if, amongst other things:

- in the event the Combination is implemented by way of a Scheme, if the Scheme Document is not posted to SDL Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- in the event the Combination is implemented by way of a Scheme, if the Scheme or any resolution to be proposed is not approved by the requisite majority of the SDL Shareholders at the SDL General Meeting or the SDL Court Meeting;
- in the event the Combination is implemented by way of a Takeover Offer, if the offer document is not posted to SDL Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- on the date on which the Combination is withdrawn or lapses in accordance with its terms (except where the Combination is withdrawn or lapses as a result of RWS exercising its right to implement the Combination by way of a Takeover Offer in accordance with the Takeover Code rather than by way of a Scheme or vice versa); or
- if any event occurs or becomes known to RWS before despatch of the Scheme Document or the offer document (as the case may be) as a result of which the Panel requires or agrees that RWS need not make the Combination.

#### PART B – Letters of support in respect of SDL Shares from other SDL Shareholders

The following SDL Shareholders (being SDL Shareholders that are not also SDL Directors), have given non-binding letters of support to vote or procure votes in favour of the resolutions relating to Scheme at the SDL Meetings (or in the event that the Combination is implemented by way of a Takeover Offer, accept or procure

the acceptance of the Takeover Offer), amounting in aggregate to 30,515,552 SDL Shares, representing approximately 33.4 per cent. of SDL's existing issued ordinary share capital as at the Latest Practicable Date.

Name	Number of SDL Shares	Percentage of existing issued share capital of SDL as at the Latest Practicable Date
AXA Investment Managers UK Limited	3,306,511	3.62%
JO Hambro Capital Management Ltd	2,902,289	3.18%
Marlborough Special Situations Fund	4,750,000	5.21%
River and Mercantile Asset Management LLP	3,706,036	4.06%
Schroder Investment Management Limited	8,497,745	9.31%
RGM Capital LLC	7,352,971	8.06%

#### **PART C – Irrevocable undertakings in respect of RWS Shares from RWS Directors**

The following RWS Directors have given irrevocable undertakings in respect of their entire beneficial holdings (and the beneficial holdings which are under their control) of RWS Shares to vote or procure votes in favour of the RWS Resolution to be proposed at the RWS General Meeting, amounting in aggregate to 90,494,140 RWS Shares, representing approximately 32.9 per cent. of RWS' existing issued ordinary share capital as at close of business on the Latest Practicable Date:

Name	Number of RWS Shares	Percentage of existing issued share capital of RWS as at the Latest Practicable Date
Andrew Brode	90,159,060	32.76%
Richard Thompson	282,480	0.1%
Lara Boro	2,600	0.00%
Elisabeth Lucas	50,000	0.02%

Each irrevocable undertaking will lapse if, amongst other things:

- in the event the Combination is implemented by way of a Scheme, if the Scheme Document is not posted to SDL Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- in the event the Combination is implemented by way of a Scheme, if the Scheme or any resolution to be proposed is not approved by the requisite majority of the SDL Shareholders at the SDL General Meeting or the SDL Court Meeting;

- in the event the Combination is implemented by way of a Takeover Offer, if the offer document is not posted to SDL Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- on the date on which the Combination is withdrawn or lapses in accordance with its terms (except where the Combination is withdrawn or lapses as a result of RWS exercising its right to implement the Combination by way of a Takeover Offer in accordance with the Takeover Code rather than by way of a Scheme or vice versa); or
- if any event occurs or becomes known to RWS before despatch of the Scheme Document or the offer document (as the case may be) as a result of which the Panel requires or agrees that RWS need not make the Combination.



## APPENDIX 4

### Quantified Financial Benefits Statement

#### PART A – QUANTIFIED FINANCIAL BENEFITS STATEMENT

Paragraph 3 of this Announcement contains statements of estimated cost savings and synergies expected to arise from the Combination (together, the “**Quantified Financial Benefits Statement**”).

A copy of the Quantified Financial Benefits Statement is set out below:

*"The RWS Board, having reviewed and analysed the potential synergies of the Combination, and based on its experience of operating in the translation services, software and localisation sectors, is confident that as a direct result of the Combination, the Combined Group will generate attractive cost synergies and create additional shareholder value.*

*The RWS Board has consulted with the SDL management team on the scale of available cost synergies, and with the benefit of their experience of running a software business, as well as taking into account the factors it can influence, believes that the Combination will generate significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion.*

*These anticipated cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis. The potential sources of quantified cost synergies are in addition to any savings previously targeted and already underway by either RWS or SDL.*

*The constituent elements of these quantified cost synergies, which are expected to originate from the cost bases of both RWS and SDL, comprise:*

- **Combining corporate and support functions:** *Approximately 40 per cent. of the cost savings are expected to be generated from the rationalisation and consolidation of corporate and support functions, including the removal of duplicate public company costs, the consolidation and rationalisation of the Combined Group's Board and executive leadership teams, and the combination of other group support functions;*
- **Optimising the Combined Group's sales and marketing activities:** *Approximately 40 per cent. of the cost savings are expected to be generated from the optimisation of the sales and marketing functions of the Combined Group, including by sharing best practices and removing duplicate activities;*
- **Aligning certain third party spend:** *Approximately 15 per cent. of the cost savings are expected to be generated from the alignment of expenses policies across the Combined Group and the removal of duplicative third party costs; and*
- **Maximising operating efficiencies in overlapping language translation activities:** *The balance of the cost savings is expected to be generated from limited actions to rationalise overlapping teams within the Combined Group's language translation activities.*

*In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature and incurred in the financial year in which Completion occurs.*

*Whilst there is pricing and volume risk in certain areas of customer overlap, based on the analysis to date and aside from the one-off integration cash costs referred to above, the RWS Directors do not expect material dis-synergies to arise as a result of the Combination.*

*Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 4 to this Announcement."*

Further information on the basis of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out below:

### **Bases of belief and principal assumptions**

Following commencement of discussions regarding the Combination, a synergy development team (the "**Synergy Team**") was established at RWS to evaluate and assess the potential synergies available for the integration and undertake an initial planning exercise. The Synergy Team worked in consultation with SDL's management team to identify areas of potential savings.

In preparing the Quantified Financial Benefits Statement, both RWS and SDL have shared certain operating and financial information to facilitate a detailed analysis in support of evaluating the potential cost benefits available from the creation of the Combined Group. In circumstances where data has been limited for commercial or other reasons, the Synergy Team has made estimates and assumptions to aid its development of individual cost benefit initiatives.

The assessment and qualification of the potential synergies have, in turn, been informed by the RWS management's industry experience and knowledge of the existing businesses, as well as its experience of executing and integrating past acquisitions, together with consultation with SDL.

In general, the cost benefit assumptions have in turn been risk adjusted, exercising a degree of prudence in the calculation of the estimated cost benefits set out above.

In arriving at the Quantified Financial Benefits Statement, RWS has, in addition, made the following assumptions:

- No material change in macroeconomic, political, legal or regulatory conditions in the markets and regions in which RWS and SDL operate;
- No material change in accounting standards;
- No significant impact on the underlying operations of either business from the creation of the Combined Group;
- No impact on the underlying operations of either business from the COVID19 pandemic other than as already disclosed by RWS and SDL in statements made in their respective half-year trading announcements on 9 June 2020 and 11 August 2020;
- No material change in foreign exchange rates; and
- No material divestments from either the RWS or SDL existing businesses.

The baselines used for the quantified cost synergies were:

- For RWS: full year operating expenses for the financial year ended 30 September 2019; and

- For SDL: full year operating expenses for the financial year ended 31 December 2019.

## **Reports**

As required by Rule 28.1(a) of the Takeover Code, PricewaterhouseCoopers, as reporting accountants to RWS, and Canaccord Genuity and Gleacher Shacklock, as joint financial advisers to RWS, have provided the opinions required under that Rule. Copies of these reports are included at Parts B and C of this Appendix 4. Each of PricewaterhouseCoopers, Canaccord Genuity and Gleacher Shacklock has given and not withdrawn its consent to the publication of its report in this Announcement in the form and context in which it is included.

## **Notes**

These statements are not intended as a profit forecast and should not be interpreted as such. These statements of estimated synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the estimated synergies referred to may not be achieved, or may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither the Quantified Financial Benefits Statement nor any other statement in this Announcement should be construed as a profit forecast or interpreted to mean that RWS' earnings in the financial year ended 30 September 2022, being the first full year following the Effective Date, or in any subsequent period, will necessarily match or be greater than or be less than those of RWS or SDL for the relevant preceding financial period or any other period.

Due to the scale of the Combined Group, there may be additional changes to the Combined Group's operations. As a result, and given the fact that the changes relate to the future, the resulting synergies may be materially greater or less than those estimated.

## **PART B - REPORT FROM PRICEWATERHOUSECOOPERS**

The Directors  
RWS Holdings plc  
Europa House  
Chiltern Park  
Chiltern Hill  
Chalfont St Peter  
SL9 9FG

Gleacher Shacklock LLP ("**Gleacher Shacklock**")  
Cleveland House  
33 King Street  
London  
SW1Y 6RJ

Canaccord Genuity Limited ("**Canaccord**")  
88 Wood Street  
London  
EC2V 7QR

(Gleacher Shacklock and Canaccord, together the "**Financial Advisers**")

27 August 2020

Dear Ladies and Gentlemen,

### **Quantified Financial Benefits Statement by RWS Holdings plc**

We report on the quantified financial benefits statement (the "**Statement**") by the Directors included in Part A of Appendix 4 of the announcement dated 27 August 2020 (the "**Announcement**") to the effect that:

*"The RWS Board, having reviewed and analysed the potential synergies of the Combination, and based on its experience of operating in the translation services, software and localisation sectors, is confident that as a direct result of the Combination, the Combined Group will generate attractive cost synergies and create additional shareholder value.*

*The RWS Board has consulted with the SDL management team on the scale of available cost synergies, and with the benefit of their experience of running a software business, as well as taking into account the factors it can influence, believes that the Combination will generate significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion.*

*These anticipated cost synergies will accrue as a direct result of the Combination and would not be achieved on a standalone basis. The potential sources of quantified cost synergies are in addition to any savings previously targeted and already underway by either RWS or SDL.*

*The constituent elements of these quantified cost synergies, which are expected to originate from the cost bases of both RWS and SDL, comprise:*

- **Combining corporate and support functions:** *Approximately 40 per cent. of the cost savings are expected to be generated from the rationalisation and consolidation of corporate and support functions, including the removal of duplicate public company costs, the consolidation and rationalisation of the Combined Group's Board and executive leadership teams, and the combination of other group support functions;*
- **Optimising the Combined Group's sales and marketing activities:** *Approximately 40 per cent. of the cost savings are expected to be generated from the optimisation of the sales and marketing functions of the Combined Group, including by sharing best practices and removing duplicate activities;*
- **Aligning certain third party spend:** *Approximately 15 per cent. of the cost savings are expected to be generated from the alignment of expenses policies across the Combined Group and the removal of duplicative third party costs; and*
- **Maximising operating efficiencies in overlapping language translation activities:** *The balance of the cost savings is expected to be generated from limited actions to rationalise overlapping teams within the Combined Group's language translation activities.*

*In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature and incurred in the financial year in which Completion occurs.*

*Whilst there is pricing and volume risk in certain areas of customer overlap, based on the analysis to date and aside from the one-off integration cash costs referred to above, the RWS Directors do not expect material dis-synergies to arise as a result of the Combination.*

*Further information on the bases of belief supporting the Quantified Financial Benefits Statement, including the principal assumptions and sources of information, is set out in Appendix 4 to this Announcement."*

This Statement has been made in the context of disclosure in the Announcement setting out the bases of belief of the Directors supporting the Statement and their analysis and explanation of the underlying constituent elements.

This report is required by Rule 28.1(a)(i) of the City Code on Takeovers and Mergers (the "Code") and is given for the purpose of complying with that rule and for no other purpose.

## **Responsibilities**

It is the responsibility of the RWS Holdings plc Board to make the Statement in accordance with the Code.

It is our responsibility to form our opinion as required by Rule 28.1(a)(i) of the Code, as to whether the Statement has been properly compiled on the basis stated.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed or to the shareholders of RWS Holdings plc as a result of the inclusion of this report in the Announcement, and for any responsibility arising under Rule 28.1(a)(i) of the Code to any person as and to the extent therein provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in

connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the Code, consenting to its inclusion in the Announcement.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. We have discussed the Statement together with the relevant bases of belief (including sources of information and assumptions) with the RWS Holdings plc Board and with the Financial Advisers. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

Since the Statement and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual benefits achieved will correspond to those anticipated in the Statement and the differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, on the basis of the foregoing, the Statement has been properly compiled on the basis stated.

Yours faithfully

PricewaterhouseCoopers LLP  
Chartered Accountants

*PricewaterhouseCoopers LLP, 1 Embankment Place, London, WC2N 6RH*

T: +44 (0) 2075 835 000, F: +44 (0) 2072 124 652, [www.pwc.co.uk](http://www.pwc.co.uk)

*PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.*

## **PART C - REPORTS FROM CANACCORD GENUITY AND GLEACHER SHACKLOCK**

The Board of Directors  
RWS Holdings plc  
Europa House Chiltern Park  
Chiltern Hill, Chalfont St Peter  
Buckinghamshire, SL9 9FG

27 August 2020

Dear Sirs

### **Recommended All-Share Combination of RWS Holdings plc (“RWS”) and SDL plc (“SDL”) - Quantified Financial Benefits Statement made by RWS**

We refer to the Quantified Financial Benefits Statement, the bases of belief thereof and the notes thereto (together, the “**Statement**”) made by RWS as set out in Part A of Appendix 4 to the announcement dated 27 August 2020 of which this letter forms part (the “**Announcement**”), for which the board of directors of RWS (the “**RWS Board**”) are solely responsible under Rule 28.1(a)(ii) of the City Code on Takeovers and Mergers (the “**Code**”).

We have discussed the Statement (including the assumptions and sources of information referred to therein), with the RWS Board and those officers and employees of RWS who developed the underlying plans as well as with PricewaterhouseCoopers LLP. The Statement is subject to uncertainty as described in the Announcement and our work did not involve an independent examination of any of the financial or other information underlying the Statement.

We have also reviewed the work carried out by PricewaterhouseCoopers LLP in connection with the Statement and have discussed with them their opinion set out in Part B of Appendix 4 to the Announcement addressed to yourselves and ourselves on this matter and the accounting policies and bases of calculation for the Statement.

We have relied upon the accuracy and completeness of all the financial and other information provided to us by, or on behalf of, RWS, or otherwise discussed with or reviewed by us, and we have assumed such accuracy and completeness for the purposes of providing this letter.

We do not express any opinion as to the achievability of the quantified financial benefits identified by the RWS Board.

This letter is provided to you solely in connection with Rule 28.1(a)(ii) of the Code and for no other purpose. We accept no responsibility to RWS or its shareholders or any person (including, without limitation, the board and shareholders of SDL) other than the RWS Board in respect of the contents of this letter. Each of us is acting exclusively as financial adviser to RWS and no one else in connection with the transaction between RWS and SDL referred to in the Announcement and it was solely for the purpose of complying with Rule 28.1(a)(ii) of the Code that RWS requested us to prepare this letter relating to the Statement. No person other than the RWS Board can rely on the contents of, or the work undertaken in connection with, this letter, and to the fullest extent permitted by law, we exclude all liability (whether in contract, tort or otherwise) to

any other person, in respect of this letter, its contents, or the work undertaken in connection with this letter, or any of the results or conclusions that can be derived from this letter or any written or oral information provided in connection with this letter, and any such liability is expressly disclaimed except to the extent that such liability cannot be excluded by law.

On the basis of the foregoing, we consider that the Statement, for which you as the RWS Board are solely responsible for the purposes of the Code, has been prepared with due care and consideration.

Yours faithfully

For and on behalf of  
Canaccord Genuity Limited

For and on behalf of  
Gleacher Shacklock LLP



## APPENDIX 5

### Definitions

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

**Adjusted Operating Profit** means operating profit before charging amortization of acquired intangibles, acquisition costs and share based payment expenses;

**Admission** means admission of the New RWS Shares to trading on AIM;

**AIM** means the Alternative Investment Market of the London Stock Exchange;

**AIM Rules** means the rules of AIM as set out in the publication entitled 'AIM Rules for Companies' published by the London Stock Exchange from time to time;

**Announcement** means this announcement made pursuant to Rule 2.7 of the Takeover Code, including its Appendices;

**Appendices** means the appendices to this Announcement and the Appendix has a corresponding meaning;

**Authorisations** means authorisations, orders, grants, recognitions, determinations, certificates, confirmations, consents, licences, clearances, provisions, permissions and approvals;

**Berenberg** means Joh. Berenberg, Gossler & Co. KG, London Branch;

**Board of the Combined Group** means the proposed board of directors of the Combined Group;

**Business Day** means a day, (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London;

**Canaccord Genuity** means Canaccord Genuity Limited;

**Clean Team Agreement** means the clean team agreement dated 3 August 2020 between (1) RWS and (2) SDL;

**Closing Price** means the closing middle market quotation of a share derived from the Daily Official List of the London Stock Exchange;

**CMA Merger Investigation** means an investigation by the CMA to determine whether to make a reference under Article 33 of the Enterprise Act 2002;

**CMA Phase 2 Reference** means a reference of the Combination to the chair of the United Kingdom Competition and Markets Authority under Article 33 of the Enterprise Act 2002 for the constitution of a group under schedule 4 to the Enterprise and Regulatory Reform Act 2013;

**Co-operation Agreement** means the co-operation agreement dated 27 August 2020 between (1) RWS and (2) SDL;

**Combination** means the recommended all-share combination of RWS and SDL, pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL (other than SDL Shares already held by the RWS Group) to be implemented by way of the Scheme or (should RWS so elect, subject to the consent of the Panel (where necessary)) by way of a Takeover Offer;

**Combined Group** means RWS and its subsidiaries, including SDL following Completion;

**Companies Act** means the Companies Act 2006 (as amended);

**Completion** means the Combination becoming Effective;

**Conditions** means the conditions to the Combination set out in Part A of Appendix 1;

**Confidentiality Agreement** means the confidentiality agreement dated 5 March 2020 between (1) RWS and (2) SDL;

**Confidentiality and Joint Defence Agreement** means the confidentiality and joint defence agreement dated 3 August 2020 between (1) RWS, (2) SDL, (3) DLA Piper UK LLP and (4) CMS Cameron McKenna Nabarro Olswang LLP;

**Court** means the High Court of Justice in England and Wales;

**Court Hearing** means the hearing by the Court of the application to sanction the Scheme;

**Court Order** means the order of the Court sanctioning the Scheme under section 899 of the Companies Act;

**CREST** means the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form;

**CREST Regulations** means the Uncertificated Securities Regulations 2001 (SI 2001/3755);

**Daily Official List** means the daily official list of the London Stock Exchange;

**Dealing Disclosure** means an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in the relevant securities of a party to an offer;

**Disclosed** means:

- (a) in the case of SDL, the information fairly disclosed by or on behalf of SDL: (i) in the annual report and accounts of SDL for the financial year ended 31 December 2019 and/or in the interim results of SDL for the period ended 30 June 2020; (ii) in any other public announcement made by SDL in accordance with the Market Abuse Regulation or the Disclosure Guidance and Transparency Rules before the date of the Announcement; (iii) in this Announcement; (iv) in the information made available to RWS in the data room established by SDL (or SDL's advisers) for the purposes of the Combination on or before 6.30 p.m. on 26 August 2020; or (v) as otherwise fairly disclosed in writing by or on behalf of SDL to RWS (or its officers, employees, agents or advisers) before the date of this Announcement; and
- (b) in the case of RWS, the information fairly disclosed by or on behalf of RWS: (i) in the annual report and accounts of RWS for the financial year ended 30 September 2019 and/or in the interim results of RWS

for the period ended 31 March 2020; (ii) in any other public announcement made by RWS in accordance with the Market Abuse Regulation or the Disclosure Guidance and Transparency Rules before the date of this Announcement; (iii) in this Announcement; (iv) in the information made available to SDL in the data room established by RWS (or RWS' advisers) for the purposes of the Combination on or before 6.30 p.m. on 26 August 2020; or (v) as otherwise fairly disclosed in writing by or on behalf of RWS to SDL (or its officers, employees, agents or advisers) before the date of this Announcement;

**Disclosure Guidance and Transparency Rules** means the disclosure rules and transparency rules made by the FCA pursuant to section 73A of FSMA;

**EC or European Commission** means the European Commission of the European Union;

**Effective** means:

- (a) if the Combination is implemented by way of the Scheme, the Scheme having become effective pursuant to its terms; or
- (b) if the Combination is implemented by way of a Takeover Offer, the Takeover Offer having been declared or become unconditional in all respects in accordance with the requirements of the Takeover Code;

**Effective Date** means the date on which the Combination becomes Effective;

**Exchange Ratio** means the ratio of 1.2246 New RWS Shares for each SDL Scheme Share;

**FCA** means the UK Financial Conduct Authority;

**Forms of Proxy** means the forms of proxy which will accompany the Scheme Document;

**FSMA** means the Financial Services and Markets Act 2000;

**Gleacher Shacklock** means Gleacher Shacklock LLP;

**Investec** means Investec Bank plc;

**Latest Practicable Date** means 26 August 2020, being the latest practicable date before the date of this Announcement;

**Link Asset Services** is the trading name of Link Market Services Limited;

**Listing Rules** means the listing rules, made by the FCA under Part 6 of FSMA;

**London Stock Exchange** means London Stock Exchange plc;

**Long-stop Date** means the date falling nine months after the date of the Scheme Document, or such later date (if any) as RWS and SDL may agree;

**Main Market** means the Main Market of the London Stock Exchange;

**Market Abuse Regulation** means the Market Abuse Regulation (EU) (No 596/2014);

**Merger Regulation** means Council Regulation (EC) No 139/2004;

**N+1 Singer** means Nplus1 Singer Advisory LLP;

**New RWS Shares** means the RWS Shares to be issued credited as fully paid to the SDL Scheme Shareholders pursuant to the Scheme (and any other SDL Shareholders whose SDL Shares are issued after the Scheme becomes Effective);

**Numis** means Numis Securities Limited;

**Offer Period** means the period commencing on 27 August 2020 and ending on (i) the earlier of the date on which the Scheme becomes Effective and/or the date on which the Scheme lapses or is withdrawn (or such other date as the Panel may decide) or (ii) the earlier of the date on which the Takeover Offer has become or has been declared unconditional as to acceptances and/or the date on which the Takeover Offer lapses or is withdrawn (or such other date as the Panel may decide), in each case other than where such lapsing or withdrawal is a result of RWS exercising its right to implement the Combination by way of a Takeover Offer;

**Official List** means the official list maintained by the FCA pursuant to Part 6 of FSMA;

**Opening Position Disclosure** means an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the offer if the person concerned has such a position, as defined in Rule 8 of the Takeover Code;

**Overseas Shareholders** means SDL Shareholders who have a registered address in a jurisdiction outside the UK, or whom RWS reasonably believes to be citizens, residents or nationals of a jurisdiction outside the UK;

**Panel** means the UK Panel on Takeovers and Mergers;

**PricewaterhouseCoopers** means PricewaterhouseCoopers LLP;

**Proposals** means the Combination, the issue and allotment of the New RWS Shares in connection with the Combination and Admission;

**Quantified Financial Benefits Statement** means the statement described as such and set out in Appendix 4;

**Registrar of Companies** means the Registrar of Companies in England and Wales;

**Regulatory Information Service** means a regulatory information service as defined in the FCA's Handbook of rules and guidance as amended from time to time;

**Restricted Jurisdiction** means any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which RWS or SDL regards as unduly onerous;

**Rothschild & Co** means N.M. Rothschild & Sons Limited;

**RWS** means RWS Holdings plc, a public limited company incorporated under the laws of England and Wales with registration number 03002645;

**RWS Board** or the **Board of RWS** means the board of directors of RWS as at the date of this Announcement;

**RWS Circular** means the circular to be published by RWS and to be sent to RWS Shareholders including the notice convening the RWS General Meeting to approve the issue of New RWS Shares in connection with the Combination;

**RWS Directors** means the directors of RWS as at the date of this Announcement;

**RWS Equalising Dividend** has the meaning given in paragraph 6 (Dividends and RWS dividend policy) of this Announcement;

**RWS Form of Proxy** means the form of proxy which will accompany the RWS Circular;

**RWS General Meeting** means the general meeting of RWS to be convened to consider and, if thought fit, approve the RWS Resolution, including any adjournment thereof, and expected to be held on the same day as the SDL Meetings;

**RWS Group** means RWS and its subsidiary undertakings and, where the context permits, each of them;

**RWS Moravia** means RWS Moravia IT s.r.o.;

**RWS Resolution** means the resolution to be proposed to RWS Shareholders at the RWS General Meeting to approve the issue and allotment of the New RWS Shares in connection with the Combination;

**RWS Share Plans** means the share incentive plans of RWS;

**RWS Shareholders** means the holders of RWS Shares;

**RWS Shares** means the ordinary shares of £0.01 each in the capital of RWS;

**Scheme** means the proposed scheme of arrangement under Part 26 of the Companies Act between SDL and the SDL Scheme Shareholders the terms of which are to be set out in the Scheme Document;

**Scheme Document** means the document to be dispatched to (amongst others) SDL Shareholders including, among other things, the Scheme and the notices convening the SDL Court Meeting and the SDL General Meeting;

**Scheme Record Time** means the time and date specified in the Scheme Document by reference to which the entitlements of SDL Shareholders under the Scheme will be determined, expected to be 6.00 pm on the Business Day before the Scheme becomes Effective;

**SDL** means SDL plc, a public limited company incorporated under the laws of England and Wales with registration number 02675207;

**SDL Board** or **Board of SDL** means the board of directors of SDL as at the date of this Announcement;

**SDL Court Meeting** means the meeting of the SDL Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, for the purpose of approving the Scheme, including any adjournment thereof, notice of which shall be contained in the Scheme Document;

**SDL DABS Plan** means the SDL Deferred Annual Bonus Share Plan;

**SDL Directors** means the directors of SDL as at the date of this Announcement;

**SDL Equalising Dividend** has the meaning given in paragraph 6 (Dividends and RWS dividend policy) of this Announcement;

**SDL Executive Directors** means Adolfo Hernandez and Xenia Walters;

**SDL General Meeting** means the general meeting of the SDL to be convened in connection with the Scheme, including any adjournment thereof, and expected to be held immediately following the SDL Court Meeting;

**SDL Group** means SDL and its subsidiary undertakings and, where the context permits, each of them;

**SDL LTIP 2011** means the SDL Long Term Incentive Plan (2011);

**SDL LTIP 2016** means the SDL Long Term Incentive Plan 2016;

**SDL Meetings** means the SDL Court Meeting and the SDL General Meeting;

**SDL Remuneration Committee** means the remuneration committee of the SDL Board;

**SDL Resolution** means the resolution (or resolutions) to be proposed at the SDL General Meeting in connection with authorising the SDL Directors to take all required action in relation to the Scheme and amending SDL's articles of association and such other matters as may be necessary to implement the Scheme;

**SDL RSP** means the SDL Retention Share Plan;

**SDL Scheme Shareholders** means the holders of SDL Scheme Shares from time to time;

**SDL Scheme Shares** means the ordinary shares of £0.01 each in the capital of SDL:

- (a) in issue at the date of the Scheme Document;
- (b) (if any) issued after the date of the Scheme Document and before the Voting Record Time; and
- (c) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares are to be bound by the Scheme or in respect of which their holders are, or shall by such time have agreed in writing to be, bound by the Scheme,

and, in each case, remaining in issue at the Scheme Record Time but excluding any SDL Scheme Shares held as treasury shares at any relevant date or time and any SDL Scheme Shares registered in the name of, or beneficially owned by, RWS or its nominees or any other member of the RWS Group at any relevant date or time;

**SDL Share Plans** means the SDL LTIP 2016, the SDL LTIP 2011, the SDL RSP, the SDL DABS Plan, the SDL SOS, the SDL Sharesave Scheme and the SDL (International) Sharesave Scheme;

**SDL Shareholder Meetings** means, together, the SDL Court Meeting and the SDL General Meeting;

**SDL Shareholders** means the holders of SDL Shares from time to time;

**SDL Shares** means the ordinary shares of £0.01 each in the capital of SDL;

**SDL SOS** means the SDL Share Option Scheme (2010);

**SEC** means the US Securities and Exchange Commission;

**Significant Interest** means, in relation to an undertaking, a direct or indirect interest of 20 per cent. or more of: (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking or (ii) the relevant partnership interest;

**Takeover Code** means the City Code on Takeovers and Mergers;

**Takeover Offer** means, should the Combination be implemented by way of a takeover offer as defined in section 974 of the Companies Act, the offer to be made by or on behalf of RWS to acquire the entire issued and to be issued share capital of SDL and, where the context requires, any subsequent revision, variation, extension or renewal of such offer;

**Third Party** means any government, government department or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body or association, institution or agency (including, without limitation, any trade agency) or authority (including, without limitation, any anti-trust or merger control authority), any court or professional or environmental body or any other person or body whatsoever in any relevant jurisdiction;

**UK or United Kingdom** means the United Kingdom of Great Britain and Northern Ireland;

**US or the United States** means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

**US Exchange Act** means the US Securities Exchange Act of 1934;

**US Securities Act** means the United States Securities Act of 1933;

**Voting Record Time** means the time and date specified in the Scheme Document by reference to which entitlement to vote at the SDL Court Meeting will be determined, expected to be 6.00 p.m. on the day two days prior to the SDL Court Meeting or any adjournment thereof (as the case may be);

**Wider RWS Group** means RWS and its subsidiary undertakings and associated undertakings and any other body corporate partnership, joint venture or person in which RWS and all such undertakings (aggregating their interests) have a Significant Interest (other than any member of the Wider SDL Group); and

**Wider SDL Group** means SDL and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which SDL and all such undertakings (aggregating their interests) have a Significant Interest.

For the purposes of this Announcement, “subsidiary”, “subsidiary undertaking”, “undertaking” and “associated undertaking” have the respective meanings given by the Companies Act.

All references to “GBP”, “pence”, “Sterling”, “Pounds sterling”, “p” or “£” are to the lawful currency of the United Kingdom.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, amended, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

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