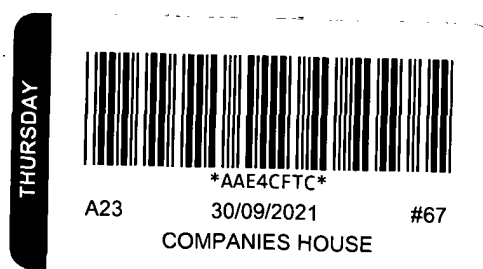


Registered number: 04007930

SDL GLOBAL HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



SDL GLOBAL HOLDINGS LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | SDL Ltd Timothy Everitt |
| Registered number | 04007930 |
| Registered office | New Globe House Vanwall Business Park Vanwall Road Maidenhead Berkshire SL6 4UB |
| Independent auditors | Ernst and Young LLP Apex Plaza Forbury Road Reading RG1 1YE |
| Bankers | HSBC Apex Plaza Reading RG1 1AX |
| Solicitors | DLA Piper UK LLP 160 Aldersgate Street London EC1A 4HT |

SDL GLOBAL HOLDINGS LIMITED

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SDL GLOBAL HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Business review

The Company is a wholly owned subsidiary of SDL Limited (the 'Group') and operates as an investment holding company for the Group.

The Company has Income from support provided to fellow group companies and incurred some administration costs during the year.

The directors continually assess the performance of the company and the financing structure of the entity but maintain there are no key performance indicators due to the entity being a holding company.

On 27 August 2020, SDL Plc (the former ultimate parent Company of SDL Global Holdings Limited) announced that it had reached an agreement with RWS Holdings Plc ('RWS') for an all share combination, pursuant to which RWS acquired the entire issued and to be issued share capital of SDL Plc by means of a court-sanctioned scheme of arrangement which became effective on 4 November 2020.

The enlarged RWS Group combines RWS's specialist technical language services with SDL's leading language technology expertise and created the world's leading language services and technology group, with over 7,000 employees and global coverage. The successful integration of SDL's operations into the RWS Group will be management's key focus in the year ahead.

Principal risks and uncertainties

SDL Global Holdings Limited act as a holding company. The Company's subsidiaries operate in the language services, language technologies and global content markets and as part of the global business of SDL Limited. Since the share combination, the RWS Group have become the leading language service and technology provider in the market. The subsidiaries that Global Holdings Limited own are key to their initiatives and to driving forward a global focus and increased market share. The principal risks of the company therefore relate to reductions in revenue and profitability across these markets which could lead to an impairment in the carrying value of the company's investment.

The directors have considered and reviewed business risks relating to SDL Global Holdings Limited. At this time they do not consider that there are any risks solely in relation to SDL Global Holdings Limited. For a review of business risks within the group, of which the company forms a part, reference may be made to the financial statements of SDL Limited.

The directors, in line with their duties under s172 of the Companies Act 2006, believe that the Group policy accurately reflects the decisions and policies that have been implemented within the Company.

The Group risks and 172 statement are discussed in the Group's Annual Report which does not form part of this Report. A copy of the Annual Report is available from the Group's company secretary.

This report was approved by the board on

29 September 2021

and signed on its behalf.


.....
Timothy Everitt
Director

SDL GLOBAL HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company continued to be that of a holding company in respect of a number of SDL Limited subsidiaries.

Results and dividends

The profit for the year, after taxation, amounted to £11k (2019: loss £33k). The directors do not recommend the payment of a final dividend (2019: £Nil). Subsequent to the balance sheet date an interim dividend was paid for £5m (2019: £NIL), details are included as part of note 16 to these financial statements.

Directors

The directors who served during the year were:

SDL Limited
Robert Cant (resigned 1 May 2020)
Timothy Everitt (appointed 1 May 2020)

RWS Holdings Plc indirectly owns 100% of the share capital of the Company.

Qualifying third party indemnity provisions

During the year, and up to the date of approval of the financial statements, the Company had in place third party indemnity provision for the benefit of all the directors of the company.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

SDL GLOBAL HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months to the 30th September 2022 which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, RWS Holdings Plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on RWS Holdings Plc providing additional financial support during that period. RWS Holdings Plc has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Auditors

The auditors, Ernst and Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on *29 September 2021* and signed on its behalf.



.....
Timothy Everitt
Director

SDL GLOBAL HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Company complies with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SDL GLOBAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDL GLOBAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of SDL Global Holdings Limited for the year ended 31 December 2020 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

SDL GLOBAL HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDL GLOBAL HOLDINGS LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

SDL GLOBAL HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SDL GLOBAL HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.


Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks that are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (FRS 101, and the Companies Act 2006), the relevant tax compliance regulations in the jurisdictions in which the Company operates and the EU General Data Protection Regulations (GDPR).
- We understood how SDL Global Holdings Limited is complying with those frameworks by making enquires of management, those responsible for legal and compliance procedures and the Company Secretary. We observed that there is a culture of honesty and ethical behaviour and a strong emphasis is placed on fraud prevention. We corroborated our enquires through our review of Board minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage earnings.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, legal counsel; and journal entry testing with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Joe Yglesia (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading

Date 29 September 2021

SDL GLOBAL HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 £000 | 2019 £000 |
|---|------|------------------|--------------------|
| Administrative expenses | | 13 | (41) |
| Operating profit/(loss) | 3 | <u>13</u> | <u>(41)</u> |
| Taxation charge/(credit) on profit/(loss) | 6 | 2 | (8) |
| Profit/(Loss) for the financial year | | <u>11</u> | <u>(33)</u> |

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

The notes on pages 11 to 22 form part of these financial statements.

SDL GLOBAL HOLDINGS LIMITED
REGISTERED NUMBER: 04007930

BALANCE SHEET
AS AT 31 DECEMBER 2020

| | Note | 2020 £000 | 2019 £000 |
|--|------|----------------|----------------|
| Fixed assets | | | |
| Investments | 7 | 255,629 | 255,629 |
| | | <u>255,629</u> | <u>255,629</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 8 | 52 | 91 |
| Cash at bank and in hand | 9 | 5 | 5 |
| | | <u>57</u> | <u>96</u> |
| Creditors: amounts falling due within one year | 10 | (4,653) | (4,703) |
| Net current liabilities | | <u>(4,653)</u> | <u>(4,607)</u> |
| Total assets less current liabilities | | <u>251,033</u> | <u>251,022</u> |
| Net assets | | <u>251,033</u> | <u>251,022</u> |
| Capital and reserves | | | |
| Called up share capital | 11 | 1,067 | 1,067 |
| Capital contribution reserve | 12 | 2,293 | 2,293 |
| Profit and loss account | 12 | 247,673 | 247,662 |
| | | <u>251,033</u> | <u>251,022</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

29 September 2021



.....
Timothy Everitt
 Director

The notes on pages 11 to 22 form part of these financial statements.

SDL GLOBAL HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

| | Called up share capital | Other reserves | Profit and loss account | Total equity |
|-----------------------------------|----------------------------|-------------------|----------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| At 1 January 2019 | 1,067 | 2,293 | 247,695 | 251,055 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (33) | (33) |
| At 1 January 2020 | 1,067 | 2,293 | 247,662 | 251,022 |
| Comprehensive income for the year | | | | |
| Profit/(Loss) for the year | - | - | 11 | 11 |
| At 31 December 2020 | <u>1,067</u> | <u>2,293</u> | <u>247,673</u> | <u>251,033</u> |

The notes on pages 11 to 22 form part of these financial statements.

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

SDL Global Holdings Limited is a private company incorporated in England and Wales and is limited by shares.

The principal activity of the Company continued to be that of a holding company in respect of a number of SDL Limited subsidiaries.

Monetary amounts in these financial statements are rounded to the nearest thousand GBP.

The address of the registered office is given in the company information of these financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SDL Limited as at 31 December 2020 and these financial statements may be obtained from the registered address of SDL Limited, New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are as follows:

Impairment

The determination of whether or not investment balances have been impaired requires an estimate to be made of the value in use of the investment. The value in use calculation includes estimates about the future financial performance of the investment, management's estimates of discount rates, long term operating margins and long-term growth rates. If the results of the investment in a future period are materially adverse to the estimates used for the impairment testing, an impairment charge may be triggered.

Intercompany impairment

An impairment analysis is performed at each reporting date using to measure expected credit losses in relation to intercompany receivables. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

2.3 Exemption from preparing consolidated financial statements

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its ultimate parent company, RWS Holdings Plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on RWS Holdings Plc providing additional financial support during that period. RWS Holdings Plc has indicated its intention to continue to make available such funds as are needed by the company for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.6 Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Company becomes party to the related contracts and are measured initially at fair value less directly attributable transactions costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the re-purchase, settlement or other cancellation of liabilities are recognised respectively in finance income and finance expense.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.7 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition and are reviewed annually for evidence of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use, where value in use is calculated as the present value of the future cash flows expected to be derived from the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable income streams (cash generating units).

2.9 Debtors

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- a. it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Trade receivables, which generally have 30-90 day payment terms mainly depending on the jurisdiction, are carried at original invoice amount, including value added tax and other sales taxes, less a provision for expected credit losses.

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime expected credit losses. There are no trade receivables held by the Company where any significant financing component has been included due to the short-term nature of the Company's trade receivables.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank deposits repayable in 90 days or less. Cash and cash equivalents consist of cash in hand and bank deposits net of outstanding bank overdrafts.

2.11 Creditors

Creditors are recognised at cost, which is deemed to be materially the same as the fair value.

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | 2020 £000 | 2019 £000 |
|---------------------------------|--------------|--------------|
| Administration (credits)/costs | (275) | 311 |
| Foreign exchange losses/(gains) | <u>262</u> | <u>(270)</u> |

Directors' emoluments

The directors are also directors or employees of other SDL group companies. The directors' services to the company do not occupy a significant amount of their time and as such the directors do not consider that they have received any remuneration for their incidental services to the company during either year presented. The Company has no employees (2019: NIL).

4. Auditors' remuneration

| | 2020 £000 | 2019 £000 |
|-------------------------------------|--------------|--------------|
| Audit of these financial statements | <u>25</u> | <u>40</u> |

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2019 - £NIL).

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

6. Taxation

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 2 | (8) |
| Adjustments in respect of previous periods | - | - |
| | <u>2</u> | <u>(8)</u> |
| Total current tax | <u>2</u> | <u>(8)</u> |
| Deferred tax | | |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Taxation on profit/(loss) on ordinary activities | <u>2</u> | <u>(8)</u> |

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Profit/(loss) on ordinary activities before tax | <u>13</u> | <u>(41)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%) | 2 | (8) |
| Effects of: | | |
| Adjustments to tax charge in respect of prior periods | - | - |
| Total tax charge for the year | <u>2</u> | <u>(8)</u> |

Factors that may affect future tax charges

The UK corporation tax rate reduced from 20% to 19% from 1 April 2017. The UK Finance Act 2020, which received Royal Assent on 22 July 2020, amends the previously enacted reduction of UK corporation tax to 17% from 1 April 2020 to 19% for the financial years 2020 and 2021.

On 3 March 2021 the Chancellor of the Exchequer announced in the budget speech that in April 2023, the UK rate of corporation tax will increase to 25%, a 6% increase from the current 19% while at the same time creating a small profits rate for businesses with less than £50,000 profit who will continue to pay corporation tax at the current 19% rate.

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Investments

| | Investments in subsidiary companies £000 |
|-----------------------|--|
| Cost | |
| At 1 January 2020 | 255,629 |
| At 31 December 2020 | <u>255,629</u> |
| Net book value | |
| At 31 December 2020 | <u>255,629</u> |
| At 31 December 2019 | <u>255,629</u> |

On 20 April 2016, the Company acquired a number of subsidiaries from SDL Limited in exchange for issuing 1 billion shares at 25 pence each. The Company has taken advantage of group reconstruction relief (Section 611 of the Companies Act 2006) to record these investments on the Company's balance sheet at the nominal value of shares issued, £250 million.

On 27 August 2020, the RWS Group announced an agreed all-share offer for SDL plc, through a scheme of arrangement, which became effective on 4 November 2020. As a result the Company and its subsidiary undertakings are an integral part of the RWS Holdings Plc group. In considering the carrying value of the Company's subsidiaries, the Directors have considered the trading performance and future prospects of the RWS Holdings Plc group. These considerations have included an assessment of the market in which the subsidiaries operate, the principal risks that the RWS Holdings Plc group face and the transfer pricing arrangements between the entities. On the basis of this review, the Directors are comfortable that the carrying value of subsidiary undertakings is supported at 31 December 2020.

Market factors and principal risks associated with the activities of the RWS Plc group are set out within the Annual Report of RWS Holdings Plc. Key growth assumptions are included within the note for Impairment Testing of Goodwill. The RWS Holdings Plc annual report can be obtained from www.rws.com.

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Investments (continued)

Subsidiary undertakings

The subsidiary undertakings as at 31 December 2020 are shown below. The subsidiary undertakings prepare accounts to 31 December unless stated otherwise below:

The following were subsidiary undertakings of the Company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|---|---|------------------------------------|-----------------|---------|
| SDL Belgium NV | Vital Decosterstraat 44, 3000 leuven, Belgium | Language services | Ordinary | 100 % |
| SDL Hellas MEPE | Philippou 6, Metamorfosi, Athens 144 51, Greece | Language Services | Ordinary | 100 % |
| SDL Sheffield Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Language Services | Ordinary | 100 % |
| Bemoko Consulting Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Technology | Ordinary | 100 % |
| Automated Language Processing Services Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| Alterian Holdings Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| SDL Japan KK | Nakameguro GT Tower 4f, 2-1-1, Kamtmeguro Meguro, Tokyo 153-0051, Japan | Language Service and Technology | Ordinary | 100 % |
| SDL Sweden AB | Falburgsgatan 1, Stockholm, S-118 28, Sweden | Language Service | Ordinary | 100 % |
| SDL Global Solutions (Ireland) Limited | C/o Whitney Moore, 2 Shelbourne Building, Crampton Avenue, Shelbourne Road, Ballsbridge, Dublin 4, Dublin, Ireland | Language Service and Technology | Ordinary | 100 % |
| SDL Inc. | 201 Edgewater Drive, Wakefield, MA 01880-1296, United States of America | Technology Services | Ordinary | 100 % |
| SDL Holdings BV | Jupiter Plaza Arena, Herikbergweg 78-80, 1101 CM, Amsterdam, Netherlands | Holding Company | Ordinary | 100 % |

SDL GLOBAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

7. Investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Principal activity | Class of shares | Holding |
|--------------------------|---|---------------------------|------------------------|----------------|
| SDL Tridion Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Technology | Ordinary | 100 % |
| Intnterlingua Group Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| Xy Enterprise Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Technology | Ordinary | 100 % |
| Alterian Technology Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Technology | Ordinary | 100 % |
| Intrepid Consultants Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| Alpnet UK Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| Computype Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| SDL (Newbury) Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| SDL Minorities Ltd | New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB, United Kingdom | Holding Company | Ordinary | 100 % |
| SDL Tridion AB | Fatbursgatan 1, Stockholm, S-118 28, Sweden | Technology | Ordinary | 100 % |

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. Investments (continued)

Subsidiary undertakings (continued)

| Name | Registered office | Principal activity | Class of shares | Holding |
|---|---|-------------------------------------|-----------------|---------|
| SDL Xy Enterprise LLC | 201 Edgewater Drive, Wakefield, MA 01880-12963, United States of America | Language Services and Technology | Ordinary | 100% |
| SDL Tridion K.K. | Nakameguro GT Tower 4f, 2-1-1, Kamimeguro Meguro, Tokyo 153-0051, Japan | Technology | Ordinary | 100% |
| SDL Netherlands BV | 1 Jupiter Plaza Arena, Herikbergweg 78-80, 1101 CM, Amsterdam, Netherlands | Language Services | Ordinary | 100% |
| SDL Media Manager BV | 1 Jupiter Plaza Arena, Herikbergweg 78-80, 1101 CM, Amsterdam, Netherlands | Technology | Ordinary | 100% |
| SDL International (Canada) Inc. | 1155 Metcalfe St, Suite 800, Montreal, Quebec, Canada H3A 1X6, Canada | Language Services | Ordinary | 100% |
| SDL Passclo GmbH | Waldburgstrasse 21, 70563, Stuttgart, Germany | Technology | Ordinary | 100% |
| SDL Multilingual Services GmbH & Co KG | Waldburgstrasse 21, 70563, Stuttgart, Germany | Language Services | Ordinary | 100% |
| Trados GmbH | Waldburgstrasse 21, 70563, Stuttgart, Germany | Technology | Ordinary | 100% |
| SDL MLS GmbH | Waldburgstrasse 21, 70563, Stuttgart, Germany | Holding Company | Ordinary | 100% |

The subsidiaries Bemoko Consulting Ltd, Automated Language Processing Services Ltd, Alterian Holdings Ltd, Alterian Technology Ltd, Alpnet UK Ltd and Computype Ltd will be liquidated post balance sheet date.

SDL GLOBAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

8. Debtors

| | 2020 £000 | 2019 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 52 | 84 |
| Other debtors | - | 7 |
| | <u>52</u> | <u>91</u> |

All amounts owed by group companies are interest free, unsecured and repayable on demand.

9. Cash and cash equivalents

| | 2020 £000 | 2019 £000 |
|--------------------------|--------------|--------------|
| Cash at bank and in hand | 5 | 5 |
| | <u>5</u> | <u>5</u> |

10. Creditors: Amounts falling due within one year

| | 2020 £000 | 2019 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 4,621 | 4,703 |
| Corporation tax | 2 | - |
| Accruals and deferred income | 30 | - |
| | <u>4,653</u> | <u>4,703</u> |

Amounts owed by Group undertaking are governed by their individual loan agreements. The balances are unsecured amounts, which are repayable on demand. The loans have their own defined interest rates for which interest is charged at a rate within a range of 0% and 1.4%.

11. Share capital

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 1,066,539 (2019: 1,066,539) Ordinary shares of £1 each | <u>1,067</u> | <u>1,067</u> |

SDL GLOBAL HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12. Reserves

Capital contribution reserve

The Company received a capital contribution of £2,293,000 as part of the group purchase in 2012.

Profit and loss account

The profit and loss account represents profits and losses net of adjustments.

13. Group guarantee

The company is part of Group cross company guarantees in respect of the Group's borrowing facilities in place.

14. Related party transactions

The Company is a wholly owned subsidiary and accordingly has taken the exemptions provided within paragraph 33.1A of FRS 102 and therefore transactions with group companies have not been disclosed. There were no other related party transactions to disclose in these financial statements.

15. Controlling party

The Company is a subsidiary undertaking of SDL Limited. The ultimate controlling party is RWS Holdings Plc.

As RWS Holdings Plc acquired SDL Limited on 4 November 2020, its results are not therefore consolidated within RWS Group for the year ended 30 September 2020, however it has been included within this strategic report to provide a full analysis of the RWS Group's strategy. The Company has been included in the consolidated results of SDL Limited, the immediate parent, as part of their 31 December 2020 financial statements.

The Company's former ultimate parent undertaking is SDL Limited, incorporated in England, registered at New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB. The consolidated financial statements of SDL Limited are available to the public and may be obtained from the Company Secretary's office, New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB.

16. Post Balance Sheet Events

On the 27th July 2021 the Company declared an interim dividend payment to SDL Limited for £5 million in relation to the year ending the 31 December 2020 (31 December 2019: £Nil).

On the 27th July 2021 the Company was in receipt of an interim dividend payment from SDL Sheffield Limited for £5 million in relation to the year ending the 31 December 2020 (31 December 2019: £Nil).