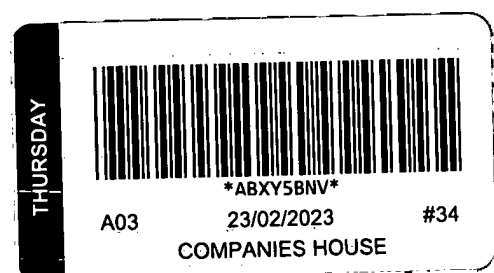


Registered number: 02675207

**SDL LIMITED**  
**ANNUAL REPORT & FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2021**



**SDL LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	Candida Davies William Jones
<b>Registered number</b>	02675207
<b>Registered office</b>	New Globe House Vanwall Business Park Vanwall Road Maidenhead SL6 4UB
<b>Independent auditors</b>	Ernst & Young LLP R+ 2 Blagrave Street Reading RG1 1AZ
<b>Bankers</b>	HSBC Bank PLC Apex Plaza Reading RG1 1AX
<b>Solicitors</b>	DLA Piper 160 Aldersgate Street London EC1A 4HT

## **SDL LIMITED**

### **CONTENTS**

	Page
<b>Strategic Report</b>	1
<b>Directors' Report</b>	3
<b>Directors' Responsibilities Statement</b>	7
<b>Independent Auditors' Report</b>	8
<b>Statement of Comprehensive Income</b>	12
<b>Statement of Financial Position</b>	13
<b>Statement of Changes in Equity</b>	14
<b>Notes to the Financial Statements</b>	15

## SDL LIMITED

### STRATEGIC REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### Business review

SDL Limited ('the Company') is a wholly owned subsidiary of RWS Holdings Plc ('RWS') and operates as part of the Language Services and Language Content and Technology divisions of the RWS Group. Revenue is generated by both language translation and technology services to external customers as well as intragroup transactions providing translation and technology services to other companies within the group.

The Company is a member of the RWS Group which combines specialist technical language services with SDL's leading language technology expertise, and has 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 continues to be one of the management's key focus in the year ahead.

SDL Limited continues to invest in research and development activities. These activities have resulted in a number of updates to existing products and the deployment of these products enhances operational effectiveness of the Company's activities. The Directors regard continued research and development investment by the Group as necessary for the continuing success of the Company in the medium to long term future.

#### Key performance indicators

The Directors consider the key performance indicators of the Company to be revenue generation and gross margin.

The operating loss for the 9 month period, before taxation, finance costs and income and dividend income, amounted to £1.9m (2020: operating loss of £6.0m).

As shown in the Company's Statement of Comprehensive income, the Company's revenue is £65.1m for the 9 month period compared with revenue of £85.4m for the year to 31 December 2020.

Gross profit for the period of £33.8m (2020: £49.6m) decreased due to the decrease in revenue and also due to the shorter reporting period.

The RWS Group manages its operations on a functional basis. For this reason, the Company's Directors believe that the Company's key performance indicators are in line with those of the broader RWS Group. The performance of the RWS Group, which includes the Company, is discussed in the RWS Group's Annual Report which does not form part of this Report.

#### Business risks

Competitive pressure is a continuing risk for the Company, which could result in it losing sales to its key competitors. The Company manages this risk by providing added value services to its customers, having fast response times not only in supplying services but in handling all customer queries, and by maintaining strong relationships with customers. The Company manages its cost base to ensure that competitive pricing can be provided to its customer base.

The Company's sales outside the UK are made in currencies other than sterling and it is therefore exposed to foreign currency fluctuations. The Company does not hedge foreign currency profit and loss translation exposures and the statutory results are therefore impacted by movements in exchange rates. Foreign exchange receipts and payments are managed by the RWS Group's Treasury function.

The Company is financed by its own cash receipts and group funding and has no third party debt. It therefore has no direct interest rate exposure. Inter-company loans are at a fixed interest rate so that exposure is limited. The RWS Group's principal risks and uncertainties are discussed in the RWS Holdings Plc's Annual Report which does not form part of this Report. A copy of the annual report is available from the registered office of the Group.

## SDL LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

This report also includes the Company's Section 172 statement, where the Board is required to act in accordance with a general set of duties detailed in the UK Companies Act 2006.

In the decisions taken during the period ended 30 September 2021, the Directors of SDL Limited have acted in the way they consider, in good faith, would be most likely to promote the success of the Company and its continuing reputation for high standards of business conduct, for the benefit of its members as a whole.

Our employees are fundamental to the delivery of our plan and we aim to be a responsible employer. The health, safety and wellbeing of our workforce is one of our primary considerations in the way we do business. On page 4 we explain how we have continued to engage regularly with employees throughout 2021.

The Directors ensure that management operates the business to the high standards of business conduct and good governance expected and, in doing so, contributes to the delivery of the strategic plan. The result is maintenance and nurture of the Company's reputation, through the construction and delivery of the plan, the long-term view and responsible behaviour.

The ethos of the Company is to behave responsibly towards our stakeholders and treat them fairly and equally, so they benefit from a successful performance. This section and by cross reference, parts of the Directors' report and parts of the Strategic Report, explain how the Directors have taken account of stakeholder views and met the requirements of Section 172 of the Companies Act.

Commentary can also be found throughout these 2021 financial statements as follows: Details of stakeholder engagement can be found in the Directors' Report on page 4. For remuneration information see the table in note 7.

Further information on the RWS Group's Section 172 statement and the way it discharges its' corporate social responsibility requirements and stakeholder engagement are included in the RWS Holdings Plc's annual report which is available from the registered office of the Group.

#### **Future developments**

The Company expects to continue developing its Language Services operations as part of the broader RWS Group.

#### **Subsequent events**

Subsequent to the year end, SDL Limited entered into a business transfer agreement, dated 28 September 2022, with RWS Language Solutions Limited (RWLS), a related party, to acquire the trade and assets of RWLS at net book value (NBV). The NBV of the business at the date of transfer was a net liability of £0.6m which has been left outstanding on the intercompany account with RWLS.

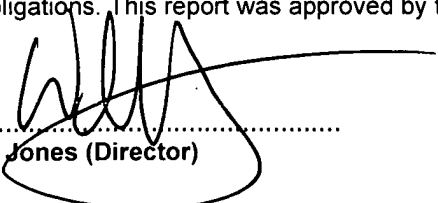
Additionally, SDL Limited has declare dividends of £31.7m to its parent entity RWS Holdings Plc in the period from the balance sheet date to the date of signing of the financial statements.

#### **Other key performance indicators**

The Directors consider there to be no other key performance indicators applicable to the Company.

#### **Directors' statement of compliance with duty to promote the success of the Company**

The Directors confirm and acknowledge responsibilities for securing compliance with the relevant obligations. This report was approved by the board on 22 February 2023 and signed on its behalf.

  
.....  
W Jones (Director)

## SDL LIMITED

### DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

The Directors present their report and the financial statements for the period ended 30 September 2021. The Company has changed its year end to 30 September to be in line with the year end of its parent company, RWS Holdings Plc. These financial statements are for the 9 month period from 1 January to 30 September 2021.

#### Principal activity

The Company's principal activities are the development and sale of Language Services and Language and Content Technology. There have been no significant changes in the Company's principal activities in the period under review. The Directors are not aware, at the date of this report, of any likely major changes in the Company's activities in the next year.

#### Results and dividends

The profit for the year, after taxation, amounted to £1.3m (2020 - loss £4.2m).

A dividend was paid during the period of £17,112,481 (2020 – nil). The Directors declared a final dividend to be paid for the period of \$5,000,000 (£3,643,084 equivalent to 3.9p per share) on 18 October 2021, in respect of the period ended 30 September 2021. This dividend will be recognised in the financial statements for the year ended 30 September 2022 and will be recognised as income by its shareholder in the year ended 30 September 2022.

#### Directors

The Directors who served during the period and to the date of signing were:

Desmond Glass (resigned 8 April 2022)

Timothy Everitt (appointed on 22 July 2021, resigned 14 February 2022)

Richard Thompson (resigned on 22 July 2021)

William Jones (appointed on 14 February 2022)

Rod Day (appointed 8 April 2022, resigned 20 December 2022)

Candida Davies (appointed on 20 December 2022)

#### Directors' responsibilities statement

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 101 'Reduced Disclosure Framework'. 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 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 financial statements comply 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 LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### **Political contributions**

No political donations were made during the period (2020: £nil).

#### **Environmental matters**

The Company is part of the RWS Group (the "Group") which recognises that its operations impact upon the environment.

The Group is committed to improving the environmental sustainability of its operations by reducing negative environmental impacts, preventing pollution, protecting the environment and enhancing positive impacts wherever reasonably practicable.

The Group measure's and monitor's its significant environmental impacts, where it has the ability, and sets objectives and targets for their reduction. The Group has developed an Environmental Plan to reduce their carbon emissions and environmental performance is reviewed six-monthly and audited annually against objectives and targets.

#### **Research and development activities**

The Group continues to invest in research and development. This has resulted in a number of new products being launched recently which are expected to make significant contributions to the growth of the Group from which the Company will benefit. The Company benefits from the Group Research and Development activities with improved internal efficiencies and external product offerings but does not actively engage in any such activities itself due to the nature of its business.

#### **Engagement with employees**

The Group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the period, the policy of providing employees with information about the Group has continued by holding regular meetings between local management and employees. These meetings allow a free flow of information and ideas.

As a Group, a Chief People Officer, is engaged with employees to ensure information is shared consistently and effectively. Each year an Employee Engagement Survey is sent to all employees and the results then shared with the Group. The Board for the group will then use this to set objectives to improve key areas where scores are low and continue to engage where high.

#### **Engagement with suppliers, customers and others**

The Group operates in a number of different ecosystems and supply chains across its technology and services businesses. The Group's partners and suppliers are an important extension to our capabilities and part of our market competitiveness. We want the best partners and suppliers in the industry to choose to work with the Group. We aim to treat our supply chains fairly and transparently and to work together to deliver the most exciting projects.

The Group is in business to deliver outstanding products and services to our customers that make a measurable difference to their sales and operations and to lead them into the future by investing in innovation. Our customers' needs are changing, becoming more complex and require more technology. It is critically important that we listen closely to our customers, be easy to work with and deliver industry leading innovation.

## SDL LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### Disabled employees

The Company gives full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities; and wherever possible to continue the employment of, and to arrange appropriate training for, employees who have become disabled persons during the period of their employment. The Group provides the same opportunities for training, career development and promotion for disabled people as for other employees.

#### Qualifying third party indemnity provisions

During the period, 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.

#### Statement of corporate governance arrangements

Good governance and business standards are essential to the success and prosperity of the Group. The Group is committed to promoting transparent, fair and timely decision-making that considers the needs of all its stakeholders – employees, shareholders, clients, suppliers and community.

Business ethics as an AIM listed company, the Group has chosen to implement The Quoted Companies Alliance Corporate Governance Code (the QCA Code). The principles and disclosures laid out by the QCA Code provide a framework to ensure the appropriate corporate governance arrangements are in place. The Board considers that the Group does not depart from any of the principles of the QCA Code, which is reviewed annually in line with the requirements of the QCA Code.

#### 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 performed an assessment of the financial position of the Company and noted that excluding debtors falling due over one year the Company is in a net current liability position. Further when analysing the quantum of intercompany loan balances, their payment terms and cash available to the Company, the Directors have concluded that the Company is dependent on its parent entity, RWS Holdings Plc, for support in order to meet its liabilities as they fall due until at least 31 March 2024.

After considering these factors, including the financial and operational ability of RWS Holdings Plc to continue as a going concern, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence at least until 31 March 2024. No material uncertainties that could cast significant doubt about the ability of the Company to continue as a going concern have been identified.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for a period at least until 31 March 2024 and therefore have prepared the financial statements on a going concern basis.

#### 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.

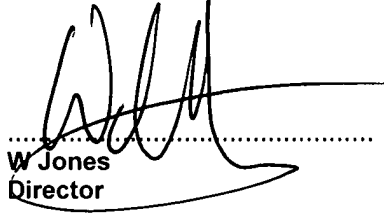
**SDL LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**Auditors**

The Company is taking advantage of the exemption from audit under s479A of the Companies Act 2006 and will not be producing audited financial statements in 2022. This being the case, it will not be requiring the auditors, Ernst & Young LLP, to be reappointed in accordance with s485 of the Companies Act 2006.

This report was approved by the board on 22 February 2023 and signed on its behalf.



.....  
W Jones  
Director

**SDL LIMITED**

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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 period. 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 101 'Reduced Disclosure Framework'. 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 financial statements comply 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 LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDL LIMITED FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### Opinion

We have audited the financial statements of SDL Limited for the period ended 30 September 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 30, 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 30 September 2021 and of its profit for the period 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 at least twelve 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 LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SDL LIMITED FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### **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 this gives rise to 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 period 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 7, 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.

### **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.

- 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 Limited is complying with those frameworks by making enquires of management and those responsible for legal and compliance procedures. 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 non compliance 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.

The image shows a handwritten signature in black ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Katie Dallimore-Fox (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP,  
Reading

Date: 22 February 2023

SDL LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Note	9 months ended September 2021 £m	Year ended 31 December 2020 £m <i>* restated</i>
Turnover	4	65.1	85.4
Cost of sales		(31.3)	(35.8)
<b>Gross profit</b>		<b>33.8</b>	<b>49.6</b>
Administrative expenses		(32.0)	(40.9)
Exceptional items	6	(3.7)	(14.7)
<b>Operating loss</b>	5	<b>(1.9)</b>	<b>(6.0)</b>
Dividend Income	9	5.0	-
Interest income	10	3.3	5.9
Interest expense	10	(4.4)	(5.7)
<b>Profit/ (loss) before tax</b>		<b>2.0</b>	<b>(5.8)</b>
Tax (charge)/ credit on profit/ (loss) for the period	11	(0.7)	1.6
<b>Profit/ (loss) for the financial period</b>		<b>1.3</b>	<b>(4.2)</b>
<b>Total comprehensive profit/ (loss) for the period</b>		<b>1.3</b>	<b>(4.2)</b>

The notes on pages 15 to 49 form part of these financial statements.

\* Details of the prior year restatement are included in note 29.

**SDL LIMITED**  
**REGISTERED NUMBER: 02675207**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	30 September 2021 £m	31 December 2020 £m <i>restated</i>
<b>Fixed assets</b>			
Intangible assets	13	17.5	16.6
Tangible assets	14	12.4	14.4
Investments	15	228.3	228.3
		258.2	259.3
<b>Current assets</b>			
Debtors (includes £66.2m falling due over one year (2020 £71.4m))	16	350.1	230.4
Bank and cash balances	17	23.6	41.7
		373.7	272.1
Creditors: amounts falling due within one year	18	(343.1)	(219.8)
		30.6	52.3
<b>Net current assets</b>			
		288.8	311.6
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	19	(96.5)	(102.7)
Provisions	20	(1.2)	(2.5)
		191.1	206.4
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	23	0.9	0.9
Share premium account	24	137.9	137.6
Profit and loss account	24	52.3	67.9
		191.1	206.4

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 22 February 2023

W Jones  
 Director

The notes on pages 15 to 49 form part of these financial statements.

\* Details of the prior year restatement are included in note 29.

SDL LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

	Note	Called up share capital	Share premium account	Profit and loss account	Total equity
		£m	£m	£m restated	£m
<b>At 1 January 2020</b>		<b>0.9</b>	<b>136.8</b>	<b>64.8</b>	<b>202.5</b>
<i>Restatement to opening reserves</i>	<b>29</b>	-	-	<b>1.6</b>	<b>1.6</b>
<b>Restated 1 January 2020</b>		<b>0.9</b>	<b>136.8</b>	<b>66.4</b>	<b>204.1</b>
<b>Comprehensive income for the year</b>					
Loss for the year ( <i>restated</i> )	<b>29</b>	-	-	<b>(4.2)</b>	<b>(4.2)</b>
Other movements		-	-	<b>5.7</b>	<b>5.7</b>
Shares issued during the year		-	<b>0.8</b>	-	<b>0.8</b>
<b>At 1 January 2021</b>		<b>0.9</b>	<b>137.6</b>	<b>67.9</b>	<b>206.4</b>
<b>Comprehensive income for the period</b>					
Profit for the period		-	-	<b>1.3</b>	<b>1.3</b>
Dividends paid in the period		-	-	<b>(17.1)</b>	<b>(17.1)</b>
Shares issued during the period		-	<b>0.3</b>	-	<b>0.3</b>
Other movements		-	-	<b>0.2</b>	<b>0.2</b>
<b>At 30 September 2021</b>		<b>0.9</b>	<b>137.9</b>	<b>52.3</b>	<b>191.1</b>

The notes on pages 15 to 49 form part of these financial statements.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 1. General information

SDL Limited is a Company incorporated in England and Wales and is limited by shares. The Company's principal activities are the development and sale of Language Services and Language and Content Technology. 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 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The financial statements are presented for a period shorter than one year, from 1 January 2021 to 30 September 2021. The Company has changed its year end to 30 September to be in line with the year end of its ultimate parent company, RWS Holdings Plc. These financial statements are for the 9 month period from 1 January to 30 September 2021. The comparative amounts presented in the financial statements (including the related notes) are not comparable as they relate to the period from 1 January 2020 to 31 December 2020.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3). The following principal accounting policies have been applied:

##### 2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- \* the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- \* the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- \* the requirements of IFRS 7 Financial Instruments: Disclosures
- \* the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- \* The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 Presentation of Financial Statements
- \* the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- \* the requirements of IAS 7 Statement of Cash Flows
- \* the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- \* the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

The Company's parent undertaking, RWS Holdings Plc, includes the Company in its consolidated financial statements. The consolidated financial statements of RWS Holdings Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from RWS's website.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 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 a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

##### 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 performed an assessment of the financial position of the Company and noted that excluding debtors falling due over one year the Company is in a net current liability position. Further when analysing the quantum of intercompany loan balances, their payment terms and cash available to the Company, the Directors have concluded that the Company is dependent on its parent entity, RWS Holdings Plc, for support in order to meet its liabilities as they fall due until at least 31 March 2024.

After considering these factors, including the financial and operational ability of RWS Holdings Plc to continue as a going concern, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence at least until 31 March 2024. No material uncertainties that could cast significant doubt about the ability of the Company to continue as a going concern have been identified.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for a period at least until 31 March 2024 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 and all values are rounded to the nearest hundred thousand except where otherwise indicated.

###### 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.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.6 Revenue

The Company provides a single, principles based five step model to be applied to all sales contracts as outlined below. It is based on the transfer of control of goods and services to customers and replaces the separate models for goods and services.

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

The allocation of transaction price to these obligations is a significant judgement, more details of the nature and impact of the judgement are included in Note 3. The identification of the performance obligations within some multi-element arrangements involves judgement, however none of the Company's contracts requires significant judgement in this regard.

Revenue on service contracts is recognised only when their outcomes can be foreseen with reasonable certainty and is based on the percentage stage of completion of the contracts, calculated on the basis of costs incurred. Accrued and deferred revenue arising on contracts is included in trade receivables as accrued income and in trade and other payables as deferred income as appropriate.

Language Services contracts are typically billed in arrears on completion of the work with revenue recognised as accrued income balances.

The Company's technology contracts are typically billed in advance and revenue recognition deferred where the performance obligation is satisfied over time.

The Company's contracts for term licenses are recognised upfront when performance obligations are delivered in the same manner as a perpetual license sale but, typically, are billed annually and do not follow the same billing pattern as the Company's contracts for perpetual licenses, instead billing follows more closely that of a SaaS license contract.

##### **Language Services**

The Company's Language Services contracts with customers provide for the Company to be reimbursed for their performance under the contract as the work is undertaken. Accordingly, as the Company has both the right to payment and no alternative use for the translated asset, the Company recognises revenue over time for this performance obligation. The Company measures the completeness of this performance obligation using input methods. The relevant input method is the cost incurred to date as a proportion of total costs, in determining the progress towards the completion of the performance obligation for Language Services contracts.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.6 Revenue (continued)

###### **Perpetual and term licences**

The Company's perpetual and term licences are accounted for at a point in time when the customer obtains control of the licence, occurring either where the goods are shipped or, more commonly, when electronic delivery has taken place and there is no significant future vendor obligation. The software to which the licence relates has significant standalone functionality and the Company has determined that none of the criteria that would indicate the licence is a right to access apply. In addition, the Company has identified no other performance obligations under their contracts for these licences which would require the Company to undertake significant additional activities which affects the software. The Company therefore believes the obligation is right to use the licence as it presently exists and therefore applies the point in time pattern of transfer. Transaction price is allocated to licenses using the residual method based upon other components of the contract. The residual method is used because the prices of licenses are highly variable and there is no discernible standalone selling price from past transactions.

###### **'SaaS' licences**

Unlike the Company's perpetual and term licences, the Company has identified that there are material ongoing performance obligations associated with the provision of SaaS licences. The Company has identified that this creates a right to access the intellectual property, instead of a right to use. Accordingly, the associated licence revenue is recognised over time, straight line for the duration of the contract. As with other licences, the Company utilises the residual method to allocate transaction price to these performance obligations.

###### **Support and maintenance**

Support and maintenance represents a stand ready obligation to provide additional services to the Company's licence customers over the period of support included in the contract. The Company measures the obligation by reference to the standalone selling price, based upon internal list prices subject to discount. The pattern of transfer is deemed to be over time on the basis that this is a continuing obligation over the period of support undertaken and accordingly, recognised as revenue on a straight line basis over the course of the contract.

###### **Hosting services**

The Company provides managed services (hosting) as part of certain contracts with customers. The pattern of transfer for the service is such that the customer simultaneously receives and consumes the benefits provided by the Company and therefore, is recognised over time for the duration of the agreement. Transaction price from the contract is allocated to hosting services obligations based upon a cost plus method.

###### **Professional services**

The Company provides professional services to customers including training, implementation and installation services alongside certain contracts for software licences. These services are sold in units of consultant time and are therefore measured on an output method basis. Revenue is therefore recognised on these engagements based on the units of time delivered to the end customer. Transaction price is allocated based upon the standalone selling price, calculated by reference to the internal list prices for consultant time subject to any discounts. A small number of the Company's professional services contracts are on a fixed price contract and the output method is used based on an appraisal of applicable milestones.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.6 Revenue (continued)

###### **Multi-element arrangements**

For multi-element arrangements, revenue is allocated to each performance obligation based on stand-alone selling price, regardless of any separate prices stated within the contract. This is most common within the Company's contract for licences, which may include performance obligations in respect of the licences, support and maintenance, hosting services and professional services. The Company's software licences are either perpetual, term or software as a service (SaaS) in nature. The Company's revenue contracts do not include any material future vendor commitments and thus no allowances for future costs are made. The identification of the performance obligations within some multi-element arrangements involves judgement, however none of the Company's contracts requires significant judgement in this regard.

##### 2.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, unless they relate to qualifying assets. These costs include interest payable, commitment and amortised arrangement fees.

##### 2.8 Pensions

###### **Defined contribution pension plan**

The Company contributes to a Group personal pension scheme for qualifying employees whereby it makes defined contributions to independently administered personal pension schemes. The Company does not control any of the assets or have any ongoing liabilities with regard to the performance of and payments from these individual personal schemes. Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

##### 2.9 Equity-settled transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The Company is no longer listed since its acquisition by RWS Holdings Plc in 2020 and no longer grants options to its employees over its own shares nor to the employees of its subsidiaries. Employees of the Company are granted options over its parent company's shares. A charge is recognised in the income statement for the equity settled share-based payment charge with the corresponding credit being recognised directly in equity.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. 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 reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

##### 2.11 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Where computer software is not an integral part of a related item of computer hardware, the software is classified as an intangible asset. The capitalised costs of software for internal use include external direct costs of materials and services consumed in developing or obtaining the software, and incremental payroll and payroll-related costs arising from the assignment of employees to Implementation projects. Capitalisation of these costs ceases when the software is substantially complete and ready for its intended internal use.

Intangible assets with a finite life have no residual value and are amortised over their expected useful lives as follows:

- Software- between 5 and 10 years on a straight line basis
- Capitalised development costs – between 3 and 5 years on a straight line basis

The amortisation expense on all Intangible assets with finite lives is recognised in the Statement of Comprehensive Income as an administrative expense.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least annually. The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. Intangible assets with indefinite useful lives (goodwill) are tested for impairment annually either individually or at the cash generating unit (CGU) level. Such intangibles are not amortised.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.11 Intangible assets (continued)

###### Research and development costs

Research costs are expensed as incurred.

Development costs are capitalised when management is satisfied that the expenditure being incurred meets the recognition criteria from IAS 38. These development costs relate to Language and Content Technology solutions developed for sale to third party customers. The carrying value of these costs at 30 September 2021 is £5.0m (2020: £3.7m) The carrying value of development costs is reviewed for impairment annually as part of the wider RWS Group. Following the initial capitalisation of the development expenditure the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and impairment losses. Any expenditure capitalised is amortised over the period of the expected future economic benefit from the related project. For capitalised development costs this period is 3 to 5 years.

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These assets are amortised using the straight-line method over their estimated useful lives which range from 5 to 10 years. These costs are recognised in administrative expenses within the Statement of Comprehensive Income.

##### 2.12 Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Leasehold improvements	- The lower of 10 years or the lease term straight line
Computer equipment	- 4-5 years straight line
Fixtures and fittings	- 20% reducing balance
Right of use assets	- The lease term straight line

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.13 Valuation of investments

Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. Investments in subsidiaries and associates are stated at cost less any provision for impairment in value. Investments 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 (CGUs).

##### 2.14 Provisions for liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event and management believe it to be probable that the Company will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to net present value where this is deemed to be material.

None of the provisions relate to long term benefits payable to employees and hence no discount rate has been applied in accordance with IAS 19.

##### 2.15 Financial instruments

The Company considers the use of forward foreign currency contracts and interest rate swaps to reduce exposure to foreign exchange and interest rates. Where such instruments are taken out, they are stated at fair value. Gains and losses arising from changes in fair value are taken to the profit and loss account in the period.

Non derivative financial instruments comprise debtors, cash at bank and in hand, interest bearing loans and borrowings and creditors.

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. Financial assets and financial liabilities are initially measured at fair value.

###### Debtors

Debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

###### Creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

###### Interest bearing loans and borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

###### Cash

Cash at bank represents cash in hand and deposits repayable with any qualifying institution.

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 2. Accounting policies (continued)

##### 2.15 Financial instruments (continued)

###### **Provisions for expected credit losses**

The Company provides against financial instruments held in accordance with IFRS9 Financial Instruments by holding expected credit loss provisions.

##### 2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at a meeting. Any dividends that are proposed or declared before the financial statements are authorised for issue, are not recognised in the financial statements for the period, but instead included in those for the period covering the date when the dividend is declared and paid. The income tax consequences for the shareholder receiving the dividends is that they are only included in its own financial statements and the corporation tax return for the period in which they are received. The dividend is treated as non-taxable income in the tax return of the shareholder. There are no potential tax consequences of the dividends for the shareholder that are not practically determinable under the existing legislation.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

##### **Judgements**

###### ***Revenue - multi-element arrangements***

To determine the appropriate revenue recognition for contracts containing multi-elements that include both products and services, Management evaluate whether the contract should be accounted for as a single, or multiple, performance obligations. Management is required to exercise a degree of judgement in setting the criteria used for determining when revenue which involves several elements should be recognised and the stand-alone selling price of each element. The Company generally determines the stand-alone selling prices of elements based on prices which are not observable and are therefore based on stand-alone list prices which are then subject to discount. These prices are reviewed on an annual basis and amended where appropriate. This is performed in conjunction with a fair value assessment of the stand-alone selling prices to assess reasonableness of the transaction price allocation.

This judgement could materially affect the timing and quantum of revenue and profit recognised in each period. Licence revenue in the period amounted to £7.4m in 2021 (2020: £10.7m).

###### ***Capitalised development costs***

The Company capitalises development costs in line with IAS 38, Intangible Assets. Management applies judgement in determining if the costs meet the criteria, and are therefore eligible for capitalisation. Significant judgements include the technical feasibility of the development, recoverability of the costs incurred, economic viability of the product and potential market availability considering its current and future customers and when, in the development process, these milestones have been met. Development costs capitalised during the period amounted to £2.6m (2020: £2.0m).

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

##### Estimates and assumptions

###### *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. The total investments at the period end were £228.3m (2020: £228.3m).

##### Other estimates and assumptions

###### *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. The intercompany debtors totalled £332.7m at the period end (2020: £206.8m).

###### *Revenue - rendering of services*

Management makes estimates of the total costs that will be incurred by the Company on a contract by contract basis. Management reviews the estimate of total costs on each contract on an ongoing basis to ensure that the revenue recognised accurately reflects the proportion of the work done at the balance sheet date. All contracts are of short-term nature. The majority of services work is invoiced on completion and the amount of period end work in progress amounted to £2.5m (2020: £2.9m).

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

4. Turnover

Turnover represents the amount invoiced excluding value added tax, derived from the provision of Language Services and Language Technology services to third party customers and other group companies, except in respect of long-term contracts where turnover represents the value of work carried out during the period, including amounts not invoiced and excluding amounts invoiced in advance.

Contract assets are recognised where performance obligations are satisfied over time until the point at which the Company's right to consideration is unconditional, when these are classified as trade receivables which, is generally the point of final invoicing.

For performance obligations satisfied over time, judgement is required in determining where a right to consideration is unconditional. In such situations, a receivable is recognised for the transaction price of the non-cancellable portion of the contract when the Company starts satisfying the performance obligation.

The Company recognises revenue for partially satisfied performance obligations as "accrued Income" which is presented in note 16 to these financial statements. The revenue recognised during the period that was included with deferred income at the prior year end is £5.4m (2020: £5.9m).

An analysis of turnover by class of business is as follows:

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m</i>
Software, support and maintenance	13.1	8.5
Consultancy and services	52.0	76.9
	<u><b>65.1</b></u>	<u>85.4</u>

Analysis of turnover by country of destination:

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m</i>
United Kingdom	17.4	21.6
Rest of Europe	31.7	42.9
Rest of the world	16.0	20.9
	<u><b>65.1</b></u>	<u>85.4</u>

Included in the Company revenue is intra group revenue of £33.2m (2020: £42.7m) as a result of providing language services translation services to other companies in the RWS Group. Of this revenue, £3.7m is recognised at a point in time and the remainder over time.

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

5. Operating loss

The operating loss is stated after charging:

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m</i>
Depreciation of tangible fixed assets (note 14)	2.3	2.8
Amortisation of intangible assets (note 13)	2.9	3.2
Defined contribution pension cost (note 7)	1.0	1.4
Research and development expenditure	1.0	1.2
Auditor's remuneration	0.1	0.8

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**6. Exceptional items**

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m</i>
Restructuring & integration related costs	<b>2.1</b>	11.2
Severance costs	<b>1.1</b>	2.8
Acquisition costs	<b>0.5</b>	0.7
Total exceptional items	<b><u>3.7</u></b>	<u>14.7</u>

Included within restructuring and integration costs are £1.6m in respect of contract termination costs to rehouse the Group's data warehousing capability for the integrated RWS business, following the acquisition of SDL Limited by RWS Holdings Plc in November 2020. This amount was paid subsequent to the period end. A further £0.3m was incurred in respect of IT integration projects and was paid during the period and an additional £0.2m related to other integration projects. The cost of delivering synergies is classified as exceptional to highlight the expense of delivering the integration and represent costs which are considered by the Company to be outside the normal course of business.

Prior year costs included £1.5m of restructuring costs associated with the Company's transformation programmes, £5.9m of transaction fees incurred by SDL Plc related to the acquisition by RWS Holdings Plc, £3.8m in respect of IFRS2 share based payment charges following the accelerated vesting of SDL Plc's LTIP schemes following the RWS Holdings Plc acquisition.

Severance costs of £1.1m (2020: £2.8m) represent severance agreements and termination payments incurred as part of the integration plan to deliver synergies for the wider RWS Group, following the acquisition of SDL by RWS Holdings Plc. These costs were paid during the period.

Acquisition costs of £0.5m (2020: £0.7m) relate to the acquisition of SDL Plc by RWS Holdings Plc. These costs were all paid during the period.

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**7. Employees**

Staff costs were as follows:

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m</i>
Wages and salaries	20.2	29.6
Social security costs	2.4	4.6
Cost of defined contribution scheme	1.0	1.4
Share-based payments expense	0.2	3.2
	<u><b>23.8</b></u>	<u><b>38.8</b></u>

The average monthly number of employees, including the Directors, during the period was as follows:

	<b>9 months ended 30 September 2021 No.</b>	<i>Year ended 31 December 2020 No.</i>
Administration and commercial	241	250
Production	300	258
	<u><b>541</b></u>	<u><b>508</b></u>

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**8. Directors' remuneration**

The Directors' wages and salaries expense for the period included severance payments of £Nil (2020: £0.9m). The highest paid Director's wages and salaries expense for the period was £0.1m (2020: £1.9m). The number of Directors who participated in a defined contribution pension scheme was one (2020: two). The amounts paid in respect of pension benefits for the highest paid Director was £Nil (2020: £0.1m).

Two of the Directors of the Company during the period were also Directors of RWS Holdings Plc. These Directors' services to the Company do not occupy a significant amount of their time. As such the Directors do not consider that they received any remuneration for their incidental services to the Company for the period ended 30 September 2021.

During the period, the number of Directors who exercised share options was Nil (2020: two). Three Directors were awarded options under a long-term incentive scheme to receive shares in the parent company, RWS Holdings Plc.

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest paid Director was £0.1m (2020: £6.8m), and Company pension contributions of £Nil (2020: £Nil) were made to a money purchase scheme on their behalf. During the period, the highest paid Director did not exercise share options. This Director was granted options under the long-term incentive plan in the period.

The amounts disclosed within the previous year include amounts in respect of severance and the accelerated vesting of the Group's LTIP scheme as a result of the Group's all-share combination with RWS Group, there were no such similar costs in the current period.

**9. Dividend income**

On 27 July 2021, a dividend of £5.0m was received from SDL Global Holdings Limited. No dividends were received from subsidiaries in 2020.

**10. Interest income and expense**

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m</i>
<b>Interest Income</b>		
Interest receivable from Group undertakings	2.8	5.9
Other interest	0.5	-
	<b>3.3</b>	<b>5.9</b>
<b>Interest Expense</b>		
Lease interest	(0.4)	(0.6)
Interest payable to Group undertakings	(4.0)	(4.6)
Other Interest	-	(0.5)
	<b>(4.4)</b>	<b>(5.7)</b>

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

11. Taxation

	<b>9 months ended 30 September 2021</b>	<i>Year ended 31 December 2020 Restated</i>
	<b>£m</b>	<b>£m</b>
<b>Corporation tax</b>		
Current tax on profits for the period	1.5	0.1
Adjustments in respect of previous periods	(3.0)	0.1
<b>Total current tax (credit)/ charge</b>	<u><u>(1.5)</u></u>	<u><u>0.2</u></u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1.8	(1.3)
Changes to tax rates	(0.1)	-
Adjustments in respect of previous periods	0.5	(0.5)
<b>Total deferred tax charge/ (credit)</b>	<u><u>2.2</u></u>	<u><u>(1.8)</u></u>
<b>Taxation charge/ (credit) on loss on ordinary activities</b>	<u><u>0.7</u></u>	<u><u>(1.6)</u></u>

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**Factors affecting tax charge for the period**

The tax assessed for the period is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>9 months ended 30 September 2021 £m</b>	<i>Year ended 31 December 2020 £m restated</i>
Profit/ (loss) on ordinary activities before tax	<u><b>2.0</b></u>	<u><b>(6.0)</b></u>
Profit/ (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>0.4</b>	<b>(1.1)</b>
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>3.8</b>	<b>0.3</b>
Rate change	<b>(0.1)</b>	<b>-</b>
Adjustments to tax charge in respect of prior periods	<b>(2.5)</b>	<b>(0.4)</b>
Non-taxable income	<b>(1.0)</b>	<b>(0.4)</b>
Foreign taxes	<b>0.1</b>	<b>-</b>
<b>Total tax charge/ (credit) for the period</b>	<u><u><b>0.7</b></u></u>	<u><u><b>(1.6)</b></u></u>

**Factors that may affect future tax charges**

The Finance Act 2021 enacted on 10 June 2021 increased the main rate of UK corporation tax from 19% to 25%, effective from 1 April 2023. Deferred taxes on the balance sheet have been measured at 25% (2020 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

See note 29 for further details of the prior year restatement.

**12. Dividends paid**

	<b>30 September 2021 £m</b>	<i>31 December 2020 £m</i>
Dividends paid during the period (18.3 pence per share)	<b>17.1</b>	<b>-</b>
	<u><u><b>17.1</b></u></u>	<u><u><b>-</b></u></u>

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**13. Intangible assets**

	<b>Capitalised development £m</b>	<b>Computer software £m</b>	<b>Total £m</b>
<b>Cost</b>			
At 1 January 2021	6.6	16.3	22.9
Additions – external	2.6	1.2	3.8
At 30 September 2021	9.2	17.5	26.7
<b>Amortisation</b>			
At 1 January 2021	2.9	3.4	6.3
Charge for the period on owned assets	1.3	1.6	2.9
At 30 September 2021	4.2	5.0	9.2
<b>Net book value</b>			
At 30 September 2021	5.0	12.5	17.5
At 30 September 2020	3.7	12.9	16.6

Included in Computer Software is a £10.9m carrying value for the project management system tool used internally by SDL Limited. This is being amortised over a 10 year period with a remaining amortisation period of 7 years.

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

14. Tangible fixed assets

	Leasehold improvements £m	Fixtures and fittings £m	Computer equipment £m	Right of use assets £m	Total £m
<b>Cost or valuation</b>					
At 1 January 2021	2.1	0.4	5.9	13.0	21.4
Additions	-	-	0.3	-	0.3
Disposals	-	(0.1)	(1.5)	-	(1.6)
At 30 September 2021	<u>2.1</u>	<u>0.3</u>	<u>4.7</u>	<u>13.0</u>	<u>20.1</u>
<b>Depreciation</b>					
At 1 January 2021	0.8	0.2	3.6	2.4	7.0
Charge for the period	0.1	0.1	0.8	1.3	2.3
Disposals	-	(0.1)	(1.5)	-	(1.6)
At 30 September 2021	<u>0.9</u>	<u>0.2</u>	<u>2.9</u>	<u>3.7</u>	<u>7.7</u>
<b>Net book value</b>					
At 30 September 2021	<u>1.2</u>	<u>0.1</u>	<u>1.8</u>	<u>9.3</u>	<u>12.4</u>
At 31 December 2020	<u>1.3</u>	<u>0.2</u>	<u>2.3</u>	<u>10.6</u>	<u>14.4</u>

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 15. Fixed asset investments

	<b>Investments in subsidiary companies £m</b>
<b>Cost or valuation</b>	
At 1 January 2021	228.3
At 30 September 2021	<u><u>228.3</u></u>

#### Investments in subsidiaries

Details of the investments which the Company holds are included below. All investments are 100% owned. All subsidiaries are indirectly held except for:

- SDL Poland Sp zoo
- SDL Multilingual Solutions Private Ltd
- SDL Software Technology (Shenzhen) Ltd
- SDL France SARL
- SDL Global Holdings Ltd
- SDL Turkey Translation Services & Commerce Ltd
- SDL Chile SA
- SDL do Brazil Global Solutions Ltda
- SDL Portugal Unipessoal LDA
- SDL Nominees Ltd

Full details regarding these and the other indirectly held subsidiaries of the Company can be found on the following pages:

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

Name of Company	Registered address of business	Country of Incorporation
SDL MLS GmbH	Waldburgstrasse 21, 70563, Stuttgart	Germany
SDL Holdings BV	Jupiter Plaza Arena, Herikbergweg 78-80, 1101 CM, Amsterdam	Netherlands
SDL Nominees Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
SDL Global Holdings Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Automated Language Processing Services Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Interlingua Group Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Alterian Holdings Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Intrepid Consultants Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Alpnet UK Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Computype Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
SDL (Newbury) Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Alterian Holdings Inc	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle	USA
SDL Belgium NV	Vital Decosterstraat 44, 3000 Leuven, Belgium	Belgium
SDL do Brazil Global Solutions Ltda	Rua Baraodo do Trinfo 73, Rooms 63-67, Brooklin Paulista, Sao Paolo	Brazil
SDL International (Canada) Inc	1155 Metcalfe St, Suite 800, Montreal, Quebec, Canada, H3A 1X6	Canada
SDL Chile SA	Avenida Holanda 00	Chile

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

SDL Zagreb doo	Oficina 1002 Providencia Bednjanska 14/II, 10 000 Zagreb	Croatia
SDL CZ sro	Nerudova 198 Hradec Kralove 500 02 Czech Republic	Czech Republic
SDL France SARL	36 Avenue de General de Gaulle, Paris 93170, France	France
SDL Multilingual Services GmbH and Co KG	Waldburgstrasse 21, 70563, Stuttgart	Germany
SDL Hellas MEPE	Philippou 6, Metamorfosi, Athens 144 51, Greece	Greece
SDL Hong Kong Ltd	c/o Clarson Services Limited, 11 <sup>th</sup> Floor, Three Exchange Square, 8 Connaught Place, Hong Kong	Hong Kong
SDL Magyaror szaj szolgaltato Kft	Arboc u. 6 III., Budapest, H-1702	Hungary
SDL Multilingual Solutions Private Ltd	1319, 13 <sup>th</sup> Floor, Bldg A1, Rupa Solitaire, Sector 1, Millenium Business Park, Mahape, Navi Mumbai, 400 710, India	India
PT SDL Indonesia Solutions	Revenue Tower, FR26, Jakarta, 12190, Indonesia	Indonesia
SDL Italia Srl Unipersonale	Via Stradella 165, Roma 00124, Italy	Italy
SDL Luxembourg SARL	26 Boulevard Road, Office 125, L2449, Luxembourg	Luxembourg
SDL Netherlands BV	Jupiter Plaza Arena, Herikbergweg 78-80, 1101 CM, Amsterdam	Netherlands
SDL Poland Sp zoo	Ul. Fordonska 246, 85 766 Bydgoszcz	Poland
SDL Portugal Unipessoal LDA	Rua Santo Antonio Contumil, no-130, Porto Concelho, Porto, Portugal	Portugal
LLC SDL Rus	Office 1301, 'A' Building 2, Zanervsky, Prospect 71, 195112 St Petersburg, Russia	Russia
SDL Multi-Lingual Solutions (Singapore) PTE Ltd	c/o BDO LLP, 600 Northbridge Road, #23-01 Portview Square, Singapore 188788	Singapore
SDL doo Ljubljana	Ulica Jozelta Jame 14, 1210 Ljubljana	Slovenia
Software Development Language Solutions, Hispania, SL	Calle Goya 8, 28001, Madrid, Spain	Spain
Software Documentation Localization Spain, S.L.	Calle/Andres Segovia, no 53, 4 Planta, Edificio, Be Business, CP18008 Granada	Spain
SDL Sweden AB	Fatbursgatan 1, Stockholm, S-118 28	Sweden

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

SDL Turkey Translation Services and Commerce Ltd	Sweden Kosnyola Mahalles, Mahmut, Ksari Caddesi, No 51, Ksnyola B34718, Istanbul	Turkey
SDL Sheffield Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
SDL Software Technology (Shenzhen) Co Ltd	Room 309, Floor 3, Resources Tech-Building, Songping ShanRoad, High-Tech Industrial Park, Nanshan District, Shenzhen City, Guandong, PRC	China
SDL Global Solutions (Ireland) Ltd	c/o Whitney Moore, 2 Shelbourne Building, Crampton Avenue, Shelbourne Road, Ballsbridge, Dublin 4, Dublin	Ireland
SDL Japan K.K.	Nakameguro GT Tower 4f, 2-1-1, Kamimeguro Meguro, Tokyo 153-0051 Japan	Japan
SDL Inc	201 Edgewater Drive, Wakefield, MA 01880- 12963	USA
SDL XyEnterprise LLC	201 Edgewater Drive, Wakefield, MA 01880- 12963	USA
SDL Technologies (Australia) Pty Ltd	Nexia Sydney Pty Ltd, Level 16, 1 Market Street, Sydney, NSW 2000	Australia
SDL Passolo GmbH	Waldburgstrasse 21, 70563, Stuttgart	Germany
Trados GmbH	Waldburgstrasse 21, 70563, Stuttgart	Germany
SDL Verwaltung GmbH	Waldburgstrasse 21, 70563, Stuttgart	Germany
SDL Tridion GmbH	Balanstrasse 49, 81669, Munich	Germany
SDL Technologies India PVT Ltd	Building 4, Block A, 7 <sup>th</sup> Floor, 77 Town Centre, Yemalur Main Road, Off Old Airport Road, Bangalore – 560 037	India
SDL Tridion K.K.	Nakameguro GT Tower 4f, 2-1-1, Kamimeguro Meguro, Tokyo 153-0051 Japan	Japan
SDL Media Manager BV	Jupiter Plaza Arena, Herikbergweg 78-80, 1101 CM, Amsterdam	Netherlands
SDL Xopus BV	Jupiter Plaza Arena,	Netherlands

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

Language Weaver SRL	Herikbergweg 78-80, 1101 CM, Amsterdam Scala Office Building, Floors 4-7, 34 Somesuluist, Cluj-Napoca, Romania	Romania
SDL Tridion Hispania SL	Lopez de Hoyos 35, 1a Planta, 28002 Madrid, Spain	Spain
SDL Sweden AB	Fatburgsgatan 1, Stockholm, S-118 28 Sweden	Sweden
LLC SDL Ukraine	Business center SP Hall Office 604, 28 A Stepana Bandery Avenue Kiev, Ukraine 04073	Ukraine
Bemoko Consulting Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
SDL Tridion Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
XyEnterprise Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
Alterian Technology Ltd	New Globe House, Vanwall Business Park, Vanwall Road, Maidenhead, SL6 4UB	United Kingdom
SDL Government Inc	Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle	USA
SDL Vietnam Ltd	14 <sup>th</sup> Floor, REE Tower, No. 9 Doan Van Bo Street, ward 12, district 4, Ho Chi Minh City	Vietnam

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

16. Debtors

	30 September 2021 £m	31 December 2020 £m <i>restated</i>
<b>Due after more than one year</b>		
Amounts owed by group undertakings	65.5	68.5
Deferred tax asset (note 22)	0.7	2.9
	<u>66.2</u>	<u>71.4</u>
	30 September 2021 £m	31 December 2020 £m <i>restated</i>
<b>Due within one year</b>		
Trade debtors	8.9	7.2
Amounts owed by group undertakings	267.2	138.3
Prepayments and other receivables	4.8	10.1
Accrued income	2.5	2.9
Corporation tax	0.5	0.3
Rent and other deposits	-	0.2
	<u>283.9</u>	<u>159.0</u>

Accrued income is the value of unbilled work recognised on projects per the accounting policy outlined in Note 3.

Amounts owed by Group undertakings are governed by their individual loan agreements. The balances are unsecured amounts, which are either repayable on demand or with a fixed future repayment date, the longest of which is in 7 years. The loans have their own defined interest rates for which interest is charged at a rate within a range of 0.7% and 19.5%.

The amounts recognised and unrecognised for deferred tax are set out below in note 22.

See note 29 for further details of the prior year restatement to debtors amounts due within one year and amounts due after one year.

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

17. Cash and cash equivalents

	30 September 2021 £m	31 December 2020 £m
Cash at bank and in hand	<u>23.6</u>	<u>41.7</u>

18. Creditors: Amounts falling due within one year

	30 September 2021 £m	31 December 2020 £m <i>restated</i>
Trade creditors	1.9	4.0
Amounts owed to group undertakings	323.1	192.7
Corporation tax	0.1	-
Other taxation and social security	0.3	5.2
Lease liabilities	2.1	2.2
Other creditors	2.3	0.6
Accruals	8.5	9.7
Deferred income	4.8	5.4
	<u>343.1</u>	<u>219.8</u>

Amounts owed to Group undertakings are governed by their Individual loan agreements. The balances are unsecured amounts, which are either repayable on demand or with a fixed future repayment date. The loans have their own defined interest rates for which interest is charged at a rate within a range of 1% and 4%.

See note 29 for further details of the prior year restatement.

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

19. Creditors: Amounts falling due after more than one year

	30 September 2021 £m	31 December 2020 £m <i>restated</i>
Lease liabilities	9.1	10.4
Amounts owed to group undertakings	86.6	90.4
Corporation tax	-	1.4
Deferred income	0.8	0.5
	<u>96.5</u>	<u>102.7</u>

Amounts owed to Group undertakings are governed by their individual loan agreements. The balances are unsecured amounts, which are either repayable on demand or with a fixed future repayment date, the longest of which is in 4 years. The loans have their own defined interest rates for which interest is charged at a rate within a range of 1.2% and 18.9%.

See note 29 for further details of the prior year restatement.

20. Provisions

	Property £m	Tax £m	Other £m	Total £m
As at 1 January 2021	0.7	1.3	0.5	2.5
Additions in the period	-	-	2.4	2.4
Utilised	-	-	(2.4)	(2.4)
Released to Income statement in the period	-	(1.3)	-	(1.3)
As at 30 September 2021	<u>0.7</u>	<u>-</u>	<u>0.5</u>	<u>1.2</u>
Due in less than one year	-	-	-	-
Due in greater than one year	0.7	-	0.5	1.2
As at 30 September 2021	<u>0.7</u>	<u>-</u>	<u>0.5</u>	<u>1.2</u>

**SDL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

**20. Provisions (continued)**

The provision for property is in respect of leasehold premises and are associated with the requirement to return properties to either their original condition, or to enact specific improvement activities in advance of exiting the lease. Dilapidations associated with leased properties are held as a provision until such time as they fall due, with the longest running lease ending in January 2032.

Tax provisions related to transfer pricing related enquiries which were settled during the period.

Other provisions of £0.5m relate to severance and integration related costs to be incurred as part of transformation and integration programmes undertaken by the Company, all of which are expected to be paid in excess of 12 months from the balance sheet date.

**21. Leases**

**Company as a lessee**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
At start of the period	<b>12.6</b>	<b>14.1</b>
Accretions of interest	<b>0.4</b>	<b>0.6</b>
Repayments	<b>(1.7)</b>	<b>(2.0)</b>
Currency adjustments	<b>(0.1)</b>	<b>(0.1)</b>
	<b>11.2</b>	<b>12.6</b>
At end of period	<b>11.2</b>	<b>12.6</b>
Current	<b>2.1</b>	<b>2.2</b>
Non-current	<b>9.1</b>	<b>10.4</b>
	<b>11.2</b>	<b>12.6</b>

The following are the amounts recognised in the Statement of Comprehensive Income as a charge:

	<b>2021</b>	<b>2020</b>
	<b>£m</b>	<b>£m</b>
Depreciation of right of use assets	<b>1.3</b>	<b>1.8</b>
Interest expense on lease liabilities	<b>0.4</b>	<b>0.6</b>
	<b>1.7</b>	<b>2.4</b>
Total amount recognised in profit or loss	<b>1.7</b>	<b>2.4</b>

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 21. Leases (continued)

The Company had total cash outflows for leases of £1.7m (2020: £2.0m). The Company had no non-cash additions to right of use assets and lease liabilities in 2021 (2020: None). There are no future cash outflows for leases not yet commenced to disclose separately.

The Company recognises right of use assets and lease liabilities in respect of property leases to accommodate its offices.

There is no pattern for extending or terminating leases and therefore the lease term must be considered on a lease by lease basis. The Company will consider all relevant factors when assessing whether or not the Company is reasonably certain to renew or terminate the lease, primarily an assessment of the economic incentives or renewing or terminating the lease, as and when, the options become or are becoming available. The Company considers factors such as leasehold improvements when assessing the degree of certainty for exercising any options included in the contracts.

The Company's leasehold improvements are most heavily concentrated in its highest value leases.

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

22. Deferred taxation

	30 September 2021 £m	31 December 2020 £m <i>restated</i>
At beginning of period	2.9	1.1
(Charged) /credited to profit or loss	(2.2)	1.8
<b>At end of period</b>	<u><u>0.7</u></u>	<u><u>2.9</u></u>

The deferred tax balance is made up as follows:

	30 September 2021 £m	31 December 2020 £m <i>restated</i>
Tax losses carried forward	0.3	2.3
Other short term timing differences	0.4	0.6
	<u><u>0.7</u></u>	<u><u>2.9</u></u>

Comprising:

	30 September 2021 £m	31 December 2020 £m <i>restated</i>
Asset - due after one year	<u><u>0.7</u></u>	<u><u>2.9</u></u>

See note 29 for further details of the prior year restatement.

23. Share capital

	30 September 2021 £m	31 December 2020 £m
<b>Authorised</b>		
100,000,000 Ordinary shares of 1p each (2020: 100,000,000)	<u><u>1.0</u></u>	<u><u>1.0</u></u>
<b>Allotted, called up and fully paid</b>		
93,009,981 (2020 – 92,551,455) Ordinary shares of £0.01 each	<u><u>0.9</u></u>	<u><u>0.9</u></u>

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 24. Reserves

##### Share premium account

The share premium account represents the premium arising on the issue of equity shares.

##### Profit and loss account

Profit and loss account is the retained earnings.

#### 25. Group guarantee

The Company is a participant in a cross-group guarantee arrangement in respect of RWS Holdings Plc's revolving credit facility of US\$220m.

#### 26. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1.0m for the period to 30 September 2021 (2020: £1.4m). Contributions totalling £0.2m (2020: £0.2m) were payable to the fund at the balance sheet date and are included in creditors.

#### 27. Controlling party

The immediate and ultimate controlling party of the Company is RWS Holdings Plc, incorporated in England and registered at Europa House, Chiltern Hill, Chalfont St Peter, Buckinghamshire, SL9 9FG.

#### 28. Share-based payment plans

During 2021, the total share-based payment charge amounted to £0.2m (2020: £3.2m). In 2020, the Company took the exemption available under FRS 101 in respect of disclosures relating to IFRS2 Share-based payments in respect of SDL Group settled payments. All share-based payments were settled by SDL Limited as the Parent Company.

With SDL Limited being acquired in 2020, it is no longer the Group Parent Company. This disclosure is in respect of the SDL options, with the disclosure exemption being claimed for options granted in the shares of RWS Holdings Plc. There were no SDL Plc options granted in the period and hence no fair value estimated or table of assumptions required for disclosure.

Summary of movements in awards in the former SDL Plc shares

	LTIPs	Weighted average exercise price
Outstanding at 1 January 2021	397,181	£0.01
Exercised during the period	(387,612)	-
Forfeited during the period	(9,569)	(1.0)
<u>Outstanding at the period end</u>	-	-
<u>Exercisable at 30 September 2021</u>	-	-

## SDL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2021

#### 29. Prior year adjustment

##### Loan reclassification

In the prior period, £4.5m of amounts due from group undertakings over one year had been incorrectly presented as amounts due to group undertakings within Creditors falling due after one year, with a corresponding understatement of creditors falling due within one year. In the prior period, the debtors balance has been restated to reclassify the £4.5m to non-current debtors, with a reduction in Creditors falling due after one year of £4.6m and an increase in Creditors falling due within one year of £9.1m.

This restatement had no impact on the net profit or net assets of the Company.

##### Loan provision

The Company is required to provide for intercompany balances under IFRS 9 where there is a risk that they may not be recoverable. In this instance a provision of £1.9m carried forward from 2019, should have been released in 2020 when the loan balance it was there to cover, was written off to the Statement of Comprehensive Income. The prior period has been restated to release this £1.9m provision with a corresponding reduction in administrative expenses.

The prior year adjustment increases net assets by £1.9m with a corresponding increase in 2020 net profit.

##### Transfer pricing

Brought forward from 2019, within creditors falling due within one year, was an amount of £1.3m relating to transfer pricing on recharge of shared based payment charges to other Group entities. Management have concluded that no services were received by the Company in respect of this payable and no transfer pricing adjustment should have been recorded on these share-based payment recharges. Therefore, that this adjustment should not have been recorded in the Income statement in 2019. Given the adjustment related to the 2019 year end the impact of correcting this adjustment is a reduction in opening reserves of £1.3m with a corresponding deferred tax reduction of £0.3m.

The prior year adjustment increases net assets by £1.0m with a corresponding increase to retained earnings brought forward in 2020.

##### Loan Interest

At the end of 2018, the Company lent funds to its subsidiaries in order to fund the acquisition of trade and assets of Donnelly Language Solutions in each jurisdiction. These loans are documented in formal loan agreements, are long term and interest bearing.

However, no interest was calculated on the balances up until November 2020. Therefore, the prior period has been restated to record this interest from inception of the loan to November 2020. This includes £0.6m relating to the period to 1 January 2020 and £0.5m (net of deferred tax of £0.1m) relating to 2020. Therefore, the prior period has been restated to correct this omission. The impact of this adjustment is to increase Net Assets by £1.1m and increase Profit and loss brought forward by £0.6m and 2020 net profit by £0.5m.

##### Support from Parent

In 2020 a £6.3m loan balance due from RWS Holdings Plc was incorrectly shown within other debtors. This should have been presented within amounts due from group undertakings within one year. This reclassification has no impact on the amounts due from group undertakings on the face of the statement of financial position but reclassifies the £6.3m balance within the notes.

This restatement had no impact on the net profits or net assets of the Company.

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

29. Prior year adjustment (continued)

The following tables summaries the impacts of the prior year adjustments on the Company's financial statements:

*Statement of financial position*

	As reported 31 December 2020 £m	Loan reclass £m	Loan provision £m	Transfer pricing £m	Loan interest £m	Support from parent £m	As restated 31 December 2020 £m
<i>Intangible assets</i>	16.6	-	-	-	-	-	16.6
<i>Tangible assets</i>	14.4	-	-	-	-	-	14.4
<i>Investments</i>	228.3	-	-	-	-	-	228.3
<b><i>Fixed assets</i></b>	<b>259.3</b>	-	-	-	-	-	<b>259.3</b>
<i>Debtors – falling due over one year</i>	64.1	4.5	1.9	(0.2)	1.1	-	71.4
<i>Debtors – falling due within one year</i>	159.0	-	-	(0.1)	-	-	158.9
<b><i>Debtors</i></b>	<b>223.1</b>	<b>4.5</b>	<b>1.9</b>	<b>(0.3)</b>	<b>1.1</b>	-	<b>230.3</b>
<i>Cash</i>	41.7	-	-	-	-	-	41.7
<b><i>Current assets</i></b>	<b>264.8</b>	<b>4.5</b>	<b>1.9</b>	<b>(0.3)</b>	<b>1.1</b>	-	<b>272.0</b>
<i>Creditors falling due within one year</i>	(212.0)	(9.1)	-	1.3	-	-	(219.8)
<b><i>Net Current Assets</i></b>	<b>52.8</b>	<b>(4.6)</b>	<b>1.9</b>	<b>1.0</b>	<b>1.1</b>	-	<b>52.2</b>
<b><i>Total assets less current liabilities</i></b>	<b>312.1</b>	<b>(4.6)</b>	<b>1.9</b>	<b>1.0</b>	<b>1.1</b>	-	<b>311.5</b>

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

29. Prior year adjustment (continued)

*Statement of financial position (continued)*

	As reported 31 December 2020 £m	Loan reclass £m	Loan provision £m	Transfer pricing £m	Loan interest £m	Support from parent £m	As restated 31 December 2020 £m
<i>Creditors amounts falling due after more than one year</i>	(107.2)	4.6	-	-	-	-	(102.6)
<i>Provisions for liabilities and charges</i>	(2.5)	-	-	-	-	-	(2.5)
<b>Net Assets</b>	<b>202.4</b>	-	1.9	1.0	1.1	-	<b>206.4</b>
<i>Called up share capital</i>	0.9	-	-	-	-	-	0.9
<i>Share premium account</i>	137.6	-	-	-	-	-	137.6
<i>Profit &amp; loss account b/fwd</i>	64.8	-	-	1.0	0.6	-	66.4
<i>Profit/ (loss) for the period</i>	(6.6)	-	1.9	-	0.5	-	(4.2)
<i>Profit &amp; loss account - Other movements</i>	5.7	-	-	-	-	-	5.7
<b>Profit &amp; Loss account</b>	<b>63.9</b>	-	1.9	1.0	1.1	0.0*	<b>67.9</b>
<b>Capital and reserves</b>	<b>202.4</b>	-	1.9	1.0	1.1	0.0*	<b>206.4</b>

SDL LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2021

29. Prior year adjustment (continued)

*Statement of comprehensive income*

	As reported 31 December 2020	Loan reclass	Loan provision	Transfer pricing	Loan interest	Support from parent	As restated 31 December 2020
	£m	£m	£m	£m	£m	£m	£m
<i>Turnover</i>	85.4	-	-	-	-	-	85.4
<i>Cost of sales</i>	(35.8)	-	-	-	-	-	(35.8)
<b><i>Gross Profit</i></b>	<b>49.6</b>	-	-	-	-	-	<b>49.6</b>
<i>Admin Expenses</i>	(42.8)	-	1.9	-	-	-	(40.9)
<i>Exceptional items</i>	(14.7)	-	-	-	-	-	(14.7)
<b><i>Operating Loss</i></b>	<b>(7.9)</b>	-	<b>1.9</b>	-	-	-	<b>(6.0)</b>
<i>Interest Income</i>	5.3	-	-	-	0.6	-	5.9
<i>Interest expense</i>	(5.7)	-	-	-	-	-	(5.7)
<b><i>Profit/ (loss) before tax</i></b>	<b>(8.3)</b>	-	<b>1.9</b>	-	<b>0.6</b>	-	<b>(5.8)</b>
<i>Tax</i>	1.7	-	-	-	(0.1)	-	1.6
<b><i>Profit/ (loss) for the year</i></b>	<b>(6.6)</b>	-	<b>1.9</b>	-	<b>0.5</b>	-	<b>(4.2)</b>

30. Post Balance Sheet Events

Subsequent to the year end, SDL Limited entered into a business transfer agreement, dated 28 September 2022, with RWS Language Solutions Limited (RWLS), a related party, to acquire the trade and assets of RWLS at net book value (NBV). The NBV of the business acquired at the date of transfer was a net liability of £0.6m which has been left outstanding on the intercompany account with RWLS.

Additionally, SDL Limited has declared further dividends to parent entity RWS Holdings Plc as follows-

- 18 October 2021, £3,643,084 in total (3.92 pence per share)
- 9 February 2022, £3,690,364 in total (3.97 pence per share)
- 15 June 2022, £5,814,257 in total (6.25 pence per share)
- 27 September 2022, £5,553,196 in total (5.97 pence per share)
- 29 September 2022, £13,000,000 in total (13.98 pence per share).